

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

Issue	City of Sacramento Wastewater Revenue Bonds, Series 2013
Par	\$30,855,000
Issued	June 27, 2013
CUSIP Numbers	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 was uploaded as a separate document to EMMA. The CAFR is also available on the City's website at:

<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

On March 20, 2019, the Preliminary Official Statement of Wastewater Revenue Bonds, Series 2019 ("Series 2019 Bonds") was posted to munios.com. Upon issuance of the Series 2019 Bonds in April 2019, the Series 2019 Bonds will be considered Parity Obligations with the Series 2013 Bonds and the State Revolving Fund Loans.

Through the preparation of the Official Statement of the Series 2019 Bonds various numbers in the historical operating results were updated and revised.

See Exhibit G - Historical Operating Results

Exhibit A

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

User Type	2014 ⁽¹⁾	2015 ⁽¹⁾⁽²⁾	2016 ⁽¹⁾⁽²⁾	2017	2018
Residential	71,993	72,062	72,169	72,446	72,809
Commercial/Industrial	4,664	4,681	4,680	4,691	4,712
Total All Users	76,657	76,743	76,849	77,137	77,521

(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 was corrected in the FY16 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, 2018)

User	Service Charge Revenue	Percentage of System Revenue⁽¹⁾
State of California	\$ 596,771	1.63%
City of Sacramento	\$ 415,239	1.13%
Sacramento City Unified School District	\$ 380,170	1.04%
Sacramento Housing and Redevelopment Agency	\$ 320,549	0.87%
County of Sacramento	\$ 194,302	0.53%
7 Up Bottling Company	\$ 179,453	0.49%
Regents of University of California	\$ 173,226	0.47%
KW Sacramento LLC*	\$ 106,432	0.29%
U.C. Davis	\$ 99,515	0.27%
Los Rios Community College District	\$ 95,344	0.26%
TOTAL	\$ 2,561,001	6.97%

(1) Based on total user fee revenue of \$36.7 million in Fiscal Year 2017-18

*KW Sacramento LLC is a real estate franchise known as Keller Williams

Source: The City of Sacramento

Exhibit C

**Table 4
City of Sacramento
Wastewater System
(Fiscal Year Ending June 30, 2018)**

		Rates Effective ⁽¹⁾	
		(Current) July 1, 2018	July 1, 2019
Flat Wastewater Rates (\$/month)			
Single Family Residential:			
1-3 Rooms		19.02	20.74
4-5 Rooms		24.11	26.28
6-7 Rooms		29.03	31.65
8-9 Rooms		33.54	36.56
10-15 Rooms		38.49	41.95
Over 15, each additional room		2.63	2.87
Metered Water Use, Unit Rate:			
Wastewater Rate (\$/100 Cu. Ft. Monthly Metered Water Use):		1.1883	1.2953
Service Charge (\$/month)			
Water Meter Size:	Monthly Metered Water Use		
5/8"	0 - 1200 cu. Ft.	14.26	15.54
3/4"	0 - 1700 cu. Ft.	20.20	22.02
1"	0 - 2100 cu. Ft.	24.96	27.20
1 1/2"	0 - 3700 cu. Ft.	43.97	47.92
2"	0 - 6200 cu. Ft.	73.67	80.30
3"	0 - 12,500 cu. Ft.	148.54	161.91
4"	0 - 21,800 cu. Ft.	259.04	282.36
6"	0 - 50,000 cu. Ft.	594.15	647.62
8"	0 - 106,200 cu. Ft.	1,261.98	1,375.56
10"	0 - 168,700 cu. Ft.	2,004.67	2,185.09
12"	0 - 262,500 cu. Ft.	3,119.28	3,400.02
(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
City of Sacramento
Uncollected Wastewater System Charges
(Fiscal Year Ending June 30)

	2014	2015	2016	2017	2018
City Wastewater Charges	\$ 104,354	\$ 66,916	\$ 66,586	\$ 61,745	37,841
SRCS D Charges	\$ 167,153	\$ 97,782	\$ 104,527	\$ 105,596	68,337
Total	\$ 271,507	\$ 164,698	\$ 171,113	\$ 167,341	106,178

Source: The City of Sacramento

Exhibit E

**Table 8
City of Sacramento
Actual Operating Results (in thousands)**

Actual Operating Results	Notes	2017/18
<u>Operating Revenues</u>		
Utility Rate Fees	1)	\$ 36,724
Wastewater Development Impact Fees	2)	1,884
Interest Earnings	3)	82
Miscellaneous Revenues	4)	872
Total Operating Revenues:		\$ 39,562
<u>General Fund Tax Transfer Out:</u>		
General Fund Tax	5)	(4,014)
System Net Revenues		35,548
<u>Maintenance and Operation Costs</u>		
Employee Services		(10,568)
Services and Supplies	6)	(12,294)
Total Maintenance and Operation Costs		(22,862)
(Deposit to) / Withdrawal From Rate Stabilization Fund:		-
System Net Revenues		\$ 12,686
<u>Debt Service</u>		
<u>Parity Obligations and Bonds</u>		
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)
State Revolving Fund Debt Service Funded via Stormwater Fund	7)	2,578
Wastewater Revenue Bonds Series 2013		(1,957)
Subtotal Parity Obligations and Bonds Debt Service		\$ (2,816)
<u>Subordinate Obligations</u>		
Subordinate Debt Service - (N/A at this time)		-
Subtotal Subordinate Obligations Debt Service		-
<u>Unsecured Obligations</u>		
Unsecured Obligations - (N/A at this time)		-
Subtotal Unsecured Obligations Debt Service		-
Total Wastewater Fund Debt Service (Parity/Bonds + Subordinate + Unsecured)		\$ (2,816)
<u>Coverage Requirement Compliance</u>		
Parity Obligations and Bonds (Requirement is 1.20 times)		4.505 x
<u>Cash Funding of Facilities</u>		
Capital Outlay (PayGo from Current Year Rate Revenue)		2,460
Capital Outlay (PayGo from Wastewater Fund Balance)		-
<u>Net Change to Fund Balance</u>		
Beginning Wastewater Fund Balance:		7,901
Ending Wastewater Fund Balance:		10,897
<u>Notes</u>		
1) Utility Rate increases was 9% for Fiscal Year 2017-18		
2) Impact fee revenues includes capital contributions.		
3) Includes interest earnings/revenue associated with Wastewater Development Impact Fee Fund and the Wastewater User Fee Fund.		
4) Miscellaneous Revenues include Miscellaneous, Transfers in, Other Capital, and Revenues From Other Agencies. Does not include Contributed Capital for the private development dedications.		
5) Pursuant to Measure I of the City Code (Section 41.10.150), the voter-approved general fund tax is equal to 11% of the collected utility rate revenue. City utility service rates are set at the amounts necessary to pay the City's costs of service, which includes the general fund tax. The general fund tax is calculated on an annual basis and transferred to the City's General Fund each year to support city wide services.		
6) The Services and Supplies amount of \$12,739 in the Series 2019 Bonds Preliminary Official Statement was overstated; it did not include certain offsets from Grant Project Fund and Series 2013 Bonds Fund. The correct amount is \$12,294.		
7) Includes only the portion of the SRF Loans paid by Stormwater Drainage.		

Exhibit F

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

Fiscal Year	Parity Obligations and Bonds ⁽¹⁾		Total Obligations and Bonds
	State Revolving Fund Loans ⁽²⁾⁽³⁾	2013 Wastewater Revenue Bonds ⁽²⁾	
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	9,469,551.93	48,884,790.77	58,354,342.70

1) In April 2019, the City will issue the Series 2019 Bonds that will be parity obligation bonds. Debt service related to this obligation will be reported for the period in the subsequent continuing disclosure filing ending June 30, 2019

2) Debt service includes both principal and interest amounts.

3) 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.

Exhibit G

**Wastewater Historical Operating Results (Table 7)*
(in thousands)**

	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17 (7)	FY 2017/18
<u>Operating Revenues</u>					
Utility Rate Fees ⁽¹⁾	\$ 27,544	\$ 31,203	\$ 30,501	\$ 33,305	\$ 36,724
Impact Fee Revenue ⁽²⁾	\$ 73	\$ 899	\$ 521	\$ 831	\$ 1,884
Interest and Investment Revenue ⁽³⁾	\$ 345	\$ 173	\$ 529	\$ 183	\$ 82
Miscellaneous Revenues ⁽⁴⁾	\$ 949	\$ 1,020	\$ 1,031	\$ 1,006	\$ 872
Total Operating Revenues	\$ 28,911	\$ 33,295	\$ 32,582	\$ 35,325	\$ 39,562
<u>General Fund Tax Transfer Out</u>					
General Fund Tax ⁽⁵⁾	\$ (3,005)	\$ (3,652)	\$ (3,334)	\$ (3,639)	\$ (4,014)
System Revenues:	\$ 25,906	\$ 29,643	\$ 29,248	\$ 31,686	\$ 35,548
<u>Operation and Maintenance Costs</u>					
Employee Services	\$ 8,299	\$ 8,371	\$ 8,164	\$ 9,893	\$ 10,568
Services and Supplies	\$ 12,949	\$ 12,712	\$ 12,979	\$ 15,026	\$ 12,294
Total Operation and Maintenance Costs	\$ 21,248	\$ 21,083	\$ 21,143	\$ 24,919	\$ 22,862
System Net Revenues	\$ 4,658	\$ 8,560	\$ 8,105	\$ 6,767	\$ 12,686
<u>Obligations and Debt Service</u>					
Wastewater Revenue Bonds, Series 2013	\$ -	\$ 1,404	\$ 1,955	\$ 1,955	\$ 1,957
State Revolving Fund Loans ⁽⁶⁾	\$ 859	\$ 859	\$ 859	\$ 859	\$ 859
Total Debt Service	\$ 859	\$ 2,263	\$ 2,814	\$ 2,814	\$ 2,816
<u>Coverage Requirement Compliance</u>					
Parity Obligations and Bonds (Requirement is 1.2 times)	5.42 x	3.78 x	2.88 x	2.40 x	4.50 x

NOTES

*Table 7 has been revised to reflect increases in the "Operation and Maintenance Costs in Fiscal Years 2013-14 through 2016-17. These increases have resulted in decreases in the "System Net Revenues" and "Coverage Requirement Compliance" for such fiscal years.

1. Utility Rate increases of 15% for FY 2013-14, 14% for FY2014-15, and 9% for FY2016-17 and FY2017-18 were approved by City Council. Utility rate increases did not occur in FY 2015-16.

2. Includes Impact Fee Revenues for FY 2013-14 and FY 2014-15 that were not included in their respective Annual Continuing Disclosure Reports. Impact fee revenues includes capital contributions.

3. Includes interest earnings/revenue associated with Wastewater Development Impact Fee Fund and the Wastewater User Fee Fund.

4. Miscellaneous Revenues include Miscellaneous, Transfers in, Other Capital, and Revenues From Other Agencies. Does not include Contributed Capital for the private development dedications that were included in the FY 2015-16 and FY 2016-17 Annual Continuing Disclosure Reports.

5. Pursuant to Measure I of the City Code (Section 41.10.150), the voter-approved general fund tax is equal to 11% of the collected utility rate revenue. City utility service rates are set at the amounts necessary to pay the City's costs of service, which includes the general fund tax. The general fund tax is calculated on an annual basis and transferred to the City's General Fund each year to support city wide services.

6. Includes only the portion of the SRF Loans paid by the Wastewater Fund. The remaining portion paid by the Stormwater Drainage Fund is excluded.

7. FY 2016-17 services and supplies included one-time increases to CIPs, computer equipment, new vehicles, and other expenses.



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CONTINUING DISCLOSURE (SUBMISSION STATUS: PUBLISHED)


FINANCIAL/OPERATING FILING (CUSIP-9 BASED)

Rule 15c2-12 Disclosure

Annual Financial Information and Operating Data: FY18 Annual Continuing Disclosure Report - Wastewater Revenue Bonds, Series 2013, for the year ended 06/30/2018

Documents

Financial Operating Filing

 FY18 Annual Continuing Disclosure - Wastewater Revenue Bonds, Series 2013 .pdf posted 03/29/2019

The following issuers are associated with this continuing disclosure submission:

CUSIP-6	State	Issuer Name
786087	CA	SACRAMENTO CALIF WASTEWTR REV

The following 17 securities have been published with this continuing disclosure submission:

CUSIP-9	Maturity Date
786087AE6	09/01/2019
786087AF3	09/01/2020
786087AG1	09/01/2021
786087AH9	09/01/2022
786087AJ5	09/01/2023
786087AK2	09/01/2024
786087AL0	09/01/2025
786087AM8	09/01/2026
786087AN6	09/01/2027
786087AP1	09/01/2028
786087AQ9	09/01/2029

786087AR7	09/01/2030
786087AS5	09/01/2031
786087AT3	09/01/2032
786087AU0	09/01/2033
786087AV8	09/01/2038
786087AW6	09/01/2042

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

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