

ANNUAL DISCLOSURE REPORT

YEAR ENDING JUNE 30, 2013

CITY OF RIVERSIDE PUBLIC FINANCING AUTHORITY

2001 CFD 86-1 REFUNDING

**2001 SERIES A REVENUE BONDS \$16,730,000
2001 SERIES B SUBORDINATE REVENUE BONDS \$1,620,000
BONDS DATED DECEMBER 20, 2001**

**CUSIP NUMBERS SERIES A: 769043CL2 through 769043DA5
CUSIP NUMBERS SERIES B: 769043DB3 through 769043DR8**

Prepared by
City of Riverside

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Finance Director/Treasurer
Finance Department
951-826-5660

January 16, 2014

CITY OF RIVERSIDE PUBLIC FINANCING AUTHORITY
CONTINUING DISCLOSURE INFORMATION -
2001 SERIES A REVENUE BONDS \$16,730,000
2001 SERIES B SUBORDINATE REVENUE BONDS \$1,620,000

FISCAL YEAR ENDED JUNE 30, 2013

CONTINUING DISCLOSURE CERTIFICATE - SECTION 4 - Contents of Annual Report.

(a) Attached is the audited financial statement of the City of Riverside for the year ending June 30, 2013.

(b)(i) The principal amount of the Bonds outstanding at June 30, 2013:

2001 SERIES A AUTHORITY REVENUE BONDS:	Outstanding \$	3,875,000
2001 SERIES B SUBORDINATE AUTHORITY REVENUE BONDS:	Outstanding \$	540,000
2001 LOCAL OBLIGATION SERIES A ORANGECREST BONDS:	Outstanding \$	4,445,000
2001 LOCAL OBLIGATION SERIES B MISSION GROVE BONDS:	Matured	9/2/2009
2001 LOCAL OBLIGATION SERIES C CFD 2002-1 BONDS:	Outstanding \$	795,000

(b)(ii) Fund balances as of September 2 preceding the annual report:

Balances at September 2, 2013

Reserve Fund Series A (Local Bond A)	\$1,106,767
Reserve Fund Series B (Local Bond A)	167,060
Reserve Fund Series A (Local Bond B)	Matured
Reserve Fund Series A (Local Bond C)	200,106

Reserve Funds Requirements

2001 SERIES A AUTHORITY REVENUE BONDS:	Requirement \$	1,085,692
2001 SERIES B SUBORDINATE AUTHORITY REVENUE BONDS:	Requirement \$	162,000

(b)(iii) updated tables of the bond issue Official Statement:

Delinquency History

**Table 5
Historical Special Tax Delinquencies
For CFD 86-1 and Improvement Area No. 2**

<u>Year</u>	<u>District Special Tax Levy</u>	<u>Special Tax Collections as of June 30</u>	<u>Fiscal Year Delinquency</u>	<u>Fiscal Year Delinquency Rate</u>	<u>Prior Years Delinquency Balance @ 6/30</u>
1996/97	\$1,526,624	\$1,517,160	\$9,464	0.62%	\$12,270
1997/98	1,522,582	1,516,624	5,958	0.39	5,091
1998/99	1,598,873	1,592,602	6,271	0.39	3,014
1999/00	1,600,174	1,590,752	9,422	0.59	2,740
2000/01	1,600,247	1,587,404	12,843	0.80	6,906
2001/02	1,597,371	1,564,352	33,019	2.07	4,145
2002/03	1,407,625	1,386,259	21,366	1.52	6,806
2003/04	1,163,477	1,144,805	18,672	1.60	4,528
2004/05	1,357,625	1,326,898	30,727	2.26	3,229
2005/06	1,206,000	1,167,823	38,177	3.17	18,628
2006/07	1,171,827	1,113,031	58,796	5.02	12,229
2007/08	1,103,397	1,044,317	59,080	5.35	27,905
2008/09	951,625	914,457	37,206	3.91	28,321
2009/10	1,290,954	1,251,826	39,127	3.03	24,398
2010/11	1,249,198	1,230,539	18,659	1.49	20,002
2011/12	1,198,376	1,184,509	13,867	1.16	8,761
2012/13	766,497	760,283	6,214	0.81	8,559

**Table 6
Historical Special Tax Delinquencies
For Improvement Area No. 1**

<u>Year</u>	<u>District Special Tax Levy</u>	<u>Special Tax Collections as of June 30</u>	<u>Fiscal Year Delinquency</u>	<u>Fiscal Year Delinquency Rate</u>	<u>Prior Years Delinquency Balance @ 6/30</u>
1997/98	\$697,668	\$93,778	\$ 3,890	0.56%	\$ 81
1998/99	683,135	676,253	6,882	1.01	81
1999/00	675,096	668,301	6,795	1.01	162
2000/01	675,409	657,112	18,297	2.71	901
2001/02	675,051	649,460	25,591	3.79	-0-
2002/03	625,312	618,716	6,596	1.05	1,770
2003/04	562,510	557,312	5,198	0.92	5,455
2004/05	707,812	696,453	11,359	1.60	3,779
2005/06	556,563	543,204	13,359	2.40	4,116
2006/07	519,318	499,797	19,521	3.76	5,407
2007/08	557,820	538,731	19,089	3.42	8,385
2008/09	-0-	-0-	-0-	N/A	6,263
2009/10	-0-	-0-	-0-	N/A	1,890
2010/11	-0-	-0-	-0-	N/A	816
2011/12	-0-	-0-	-0-	N/A	452
2012/13	-0-	-0-	-0-	N/A	61

Table 5a (New)
Historical Special Tax Delinquencies
For CFD 2002-1

<u>Year</u>	<u>District Special Tax Levy</u>	<u>Special Tax Collections as of June 30</u>	<u>Fiscal Year Delinquency</u>	<u>Fiscal Year Delinquency Rate</u>	<u>Prior Years Delinquency Balance @ 6/30</u>
2003/04	\$249,432	\$249,432	\$ -0-	0.00%	\$ -0-
2004/05	254,500	249,619	4,881	1.92	-0-
2005/06	257,004	247,146	9,858	3.84	2,458
2006/07	258,749	241,735	17,014	6.58	3,169
2007/08	204,750	185,678	19,072	9.31	3,182
2008/09	215,379	200,922	14,457	6.71	4,842
2009/10	230,249	220,787	9,462	4.11	5,578
2010/11	209,379	205,363	4,015	1.92	5,139
2011/12	207,378	205,106	2,272	1.10	287
2012/13	102,631	102,209	423	0.41	287

Estimated Value-to-Lien Ratios Based Upon Assessed Values

The assessed values and direct and overlapping land secured bonded indebtedness on individual parcels vary greatly among parcels within the District. The value of individual parcels is significant because in the event of a delinquency in the payment of District Special Taxes, or Improvement Area No. 1 Special Taxes, the City may foreclose only against delinquent parcels.

Table 9 below summarizes the total assessed values of parcels within the District as of September 1, 2013 by development status, the estimated direct and overlapping debt for each category of development and that category's percentage of responsibility for payment of Special Taxes, all as established by the Riverside County 2013-14 Tax Roll.

Table 9
Estimated Value-to-Lien Ratios
By Development Status As Determined by the Assessments

Assessed Category	<i>District</i>		<i>Improvement Area No. 1</i>		<i>Total</i>		2013-14 Total Assessed Value ⁽¹⁾	Actual 2013-14 Direct and Overlapping Debt ⁽³⁾	Assessed Value-To-Lien Ratio ⁽²⁾
	Total 2013-14 Special Tax Levied	Percent of 2013-14 Special Tax Levied	Total 2013-14 Special Tax Levied	Percent of 2013-14 Special Tax Levied	Total 2013-14 Special Tax Levied	Percent of Total 2013-14 Special Tax Levied			
Undeveloped ⁽⁴⁾	\$675	0.14%	\$0	0.00%	\$675	0.14%	\$2,383,297	\$28,555	83.46
Developed ⁽⁵⁾	<u>\$481,273</u>	<u>99.86%</u>	<u>\$0</u>	<u>0.00%</u>	<u>\$481,273</u>	<u>99.86%</u>	<u>\$1,922,036,044</u>	<u>\$30,254,545</u>	<u>63.53</u>
Totals	\$481,947	100.00%	\$0	0.00%	\$481,947	100.00%	\$1,924,419,341	\$30,283,099	63.55

⁽¹⁾ Assessed values are herein defined as the sum of the land, structure and fixture values reflected on the Riverside County 2013-14 Tax Roll. Business personal property and other taxable assets and exemptions listed on the tax roll are excluded.

⁽²⁾ Ratio is calculated by dividing Total Assessed Value column by Actual Direct and Overlapping Debt column.

⁽³⁾ Represents the actual direct and overlapping land-secured debt upon the issuance of Local Obligations as reflected on the 2013-14 Tax Roll.

⁽⁴⁾ Undeveloped property is defined as parcels with no significant structure value on the Riverside County 2013-14 Tax Roll.

⁽⁵⁾ Developed property is defined as parcels having significant structure value on the Riverside County 2013-14 Tax Roll.

Source: Collins & Associates Engineering, Inc.

Table 10 below sets forth the assessed value-to-lien ratios for parcels within the District subject to District Special Taxes pursuant to the issuance of the Local Obligations based upon property values in the District as of September 1, 2013. The assessed value-to-lien ratios are based on the actual direct and overlapping land-secured debt reflected on the Riverside County 2013-14 Tax Roll. As can be seen from Table 10, none of the 6,143 parcels in the District have an assessed value-to-lien ratio less than 10 to 1.

Table 10
(District Special Taxes)
Assessed Value-to-Lien Ratios for Taxable Parcels in the District
as of September 1, 2013⁽¹⁾

Range of Assessed Value-to-Lien Ratios ⁽²⁾	Number of Parcels	Percent of Parcels	2013-14 District Special Tax Levy	Percentage of 2013-14 District Special Tax Levy	2013-14 Total Special Tax Levy ⁽³⁾	Percentage of 2013-14 Total Special Tax Levy ⁽³⁾
Less than 1:1	0	0.00%	\$0	0.00%	\$0	0.00%
Between 1:1 and 1.99:1	0	0.00%	\$0	0.00%	\$0	0.00%
Between 2:1 and 2.99:1	0	0.00%	\$0	0.00%	\$0	0.00%
Between 3:1 and 3.99:1	0	0.00%	\$0	0.00%	\$0	0.00%
Between 4:1 and 4.99:1	0	0.00%	\$0	0.00%	\$0	0.00%
Between 5:1 and 9.99:1	0	0.00%	\$0	0.00%	\$0	0.00%
Between 10:1 and 19.99:1	20	0.33%	\$506	0.10%	\$506	0.10%
Greater than 20:1	6,123	99.67%	\$481,442	99.90%	\$481,442	99.90%
Totals	6,143	100.00%	\$481,947	100.00%	\$481,947	100.00%

⁽¹⁾ Assessed values are herein defined as the sum of the land, structure and fixture values reflected on the Riverside County 2013-14 Tax Roll. Business personal property and other taxable assets and exemptions listed on the tax roll are excluded.

⁽²⁾ In calculating the estimated value-to-lien ratios for this table, the numerator is based on assessed values and the denominator equals the direct and overlapping land-secured debt pursuant to the issuance of the Local Obligations, as reflected on the 2013-14 Tax Roll.

⁽³⁾ Includes both the District Special Tax Levy and the Improvement Area No. 1 Special Tax Levy.

Source: Collins & Associates Engineering, Inc.

Table 11 below sets forth the assessed value-to-lien ratios for parcels within Improvement Area No. 1 pursuant to the issuance of the Local Obligations based upon property values in Improvement Area No. 1 as of September 1, 2013. The assessed value-to-lien ratios are based on the actual direct and overlapping land-secured debt reflected on the Riverside County 2013-14 Tax Roll. As can be seen from Table 11, none of the 1,490 parcels in Improvement Area No. 1 have an estimated value-to-lien ratio less than 10 to 1.

Table 11
(Improvement Area No. 1 Special Taxes)
Assessed Value-to-Lien Ratios for Taxable Parcels in the District
as of September 1, 2013⁽¹⁾

Range of Assessed Value-to-Lien Ratios ⁽²⁾	Number of Parcels	Percentage of Parcels	2013-14 Improvement Area No. 1 Special Tax Levy	Percentage of 2013-14 Improvement Area No. 1 Special Tax Levy	2013-14 Total Special Tax Levy ⁽³⁾	Percentage of 2013-14 Total Special Tax Levy ⁽³⁾
Less than 1:1	0	0.00%	\$0	0.00%	\$0	0.00%
Between 1:1 and 1.99:1	0	0.00%	\$0	0.00%	\$0	0.00%
Between 2:1 and 2.99:1	0	0.00%	\$0	0.00%	\$0	0.00%
Between 3:1 and 3.99:1	0	0.00%	\$0	0.00%	\$0	0.00%
Between 4:1 and 4.99:1	0	0.00%	\$0	0.00%	\$0	0.00%
Between 5:1 and 9.99:1	0	0.00%	\$0	0.00%	\$0	0.00%
Between 10:1 and 19.99:1	20	1.34%	\$0	0.00%	\$506	1.96%
Greater than 20:1	1,470	98.66%	\$0	0.00%	\$25,266	98.04%
Totals	1,490	100.00%	\$0	0.00%	\$25,772	100.00%

⁽¹⁾ Assessed values are herein defined as the sum of the land, structure and fixture values reflected on the Riverside County 2013-14 Tax Roll. Business personal property and other taxable assets and exemptions listed on the tax roll are excluded.

⁽²⁾ In calculating the estimated value-to-lien ratios for this table, the numerator is based on assessed values and the denominator equals the direct and overlapping land-secured debt pursuant to the issuance of the Local Obligations, as reflected on the 2013-14 Tax Roll.

⁽³⁾ Includes both the District Special Tax Levy and the Improvement Area No. 1 Special Tax Levy.

Source: Collins & Associates Engineering, Inc.

Largest Property Owners by Special Tax Levy

Table 12 below shows the top ten property owners, ranked by percentage of the total Special Tax levy for Fiscal Year 2013-14, and the assessed value-to-lien ratios for such property owners based upon property values and property ownership in the District as of September 1, 2013, as set forth in the Riverside County 2013-14 Tax Roll, and upon the principal amount of the Local Obligations.

Table 12
Top Ten Property Owners by
Percentage of Total Special Tax Levy for
Fiscal Year 2013-14⁽¹⁾

Property Owner	Total 2013-14 Special Taxes ⁽¹⁾	Percent of Total 2013-14 Special Taxes	Total Assessed Value on 2013-14 Tax Roll ⁽²⁾	Actual 2013-14 Direct and Overlapping Debt ⁽³⁾	Assessed Value-to- Lien Ratio ⁽⁴⁾
KOHL'S DEPT STORES INC	\$12,514	2.60%	\$11,520,943	\$201,508	57.17
PACIFIC COSTANZO RIVERSIDE	\$8,257	1.71%	\$7,467,557	\$127,301	58.66
NEW ALBERTSONS INC	\$7,758	1.61%	\$6,753,720	\$127,015	53.17
HEC ORANGECREST	\$4,312	0.89%	\$856,945	\$38,726	22.13
EAST HILLS COMMUNITY CHURCH RIVERSIDE	\$3,338	0.69%	\$4,625,791	\$24,930	185.55
ORANGECREST PARTNERS	\$3,323	0.69%	\$2,760,621	\$49,001	56.34
WALGREEN CO	\$2,318	0.48%	\$6,963,181	\$80,127	86.90
FRESH & EASY NEIGHBORHOOD MARKET	\$2,286	0.47%	\$2,209,344	\$36,535	60.47
TESORO SIERRA PROP	\$2,132	0.44%	\$4,661,172	\$61,247	76.11
WOOD ROAD PARTNERSHIP	\$2,058	0.43%	\$2,620,569	\$38,657	67.79
Total	\$48,296	10.02%	\$50,439,843	\$785,047	64.25

⁽¹⁾ Total Special Tax Levy is aggregate of District Special Taxes and Improvement Area No. 1 Special Taxes.

⁽²⁾ Assessed values are herein defined as the sum of the land, structure and fixture values reflected on the Riverside County 2013-14 Tax Roll. Business personal property and other taxable assets and exemptions listed on the tax roll are excluded.

⁽³⁾ Represents the actual direct and overlapping land-secured debt upon the issuance of Local Obligations as reflected on the 2013-14 Tax Roll.

⁽⁴⁾ Ratio is calculated by dividing Total Assessed Value column by Actual Direct and Overlapping Debt column.

Source: Collins & Associates Engineering, Inc.

Table 13 below shows the top ten property owners, ranked by percentage of the total District Special Tax levied for Fiscal Year 2013-14, and the assessed value-to-lien ratios for such property owners based upon property values and property ownership in the District as of September 1, 2013, as set forth in the Riverside County 2013-14 Tax Roll.

Table 13
Top Ten Property Owners by
Percentage of Total District Special Tax
Levied for Fiscal Year 2013-14

Property Owner	2013-14 District Special Tax	Percent of Total 2013-14 District Special Tax	Total 2013-14 Special Taxes	Percent of Total 2013-14 Special Taxes	Total Assessed Value on 2013-14 Tax Roll ⁽¹⁾	Actual 2013-14 Direct and Overlapping Debt ⁽²⁾	Assessed Value-to- Lien Ratio ⁽³⁾
KOHL'S DEPT STORES INC	\$12,514	2.60%	\$12,514	2.60%	\$11,520,943	\$201,508	57.17
PACIFIC COSTANZO RIVERSIDE	\$8,257	1.71%	\$8,257	1.71%	\$7,467,557	\$127,301	58.66
NEW ALBERTSONS INC	\$7,758	1.61%	\$7,758	1.61%	\$6,753,720	\$127,015	53.17
HEC ORANGECREST	\$4,312	0.89%	\$4,312	0.89%	\$856,945	\$38,726	22.13
EAST HILLS COMMUNITY CHURCH RIVERSIDE INC	\$3,338	0.69%	\$3,338	0.69%	\$4,625,791	\$24,930	185.55
ORANGECREST PARTNERS	\$3,323	0.69%	\$3,323	0.69%	\$2,760,621	\$49,001	56.34
WALGREEN CO	\$2,318	0.48%	\$2,318	0.48%	\$6,963,181	\$80,127	86.90
FRESH & EASY NEIGHBORHOOD MARKET	\$2,286	0.47%	\$2,286	0.47%	\$2,209,344	\$36,535	60.47
TESORO SIERRA PROP	\$2,132	0.44%	\$2,132	0.44%	\$4,661,172	\$61,247	76.11
WOOD ROAD PARTNERSHIP	\$2,058	0.43%	\$2,058	0.43%	\$2,620,569	\$38,657	67.79
Total	\$48,296	10.02%	\$48,296	10.02%	\$50,439,843	\$785,047	64.25

⁽¹⁾ Assessed values are herein defined as the sum of the land, structure and fixture values reflected on the Riverside County 2013-14 Tax Roll. Business personal property and other taxable assets and exemptions listed on the tax roll are excluded.

⁽²⁾ Represents the actual direct and overlapping land-secured debt upon the issuance of Local Obligations as reflected on the 2013-14 Tax Roll.

⁽³⁾ Ratio is calculated by dividing Total Assessed Value column by Actual Direct and Overlapping Debt column.

⁽⁴⁾ See sections titled "Proposed Development by Communities Southwest and Related Entities" and "Communities Southwest and Related Entities" herein.

Table 14 below shows the top ten property owners, ranked by percentage of the total Improvement Area No. 1 Special Tax levied for Fiscal Year 2013-14, and the assessed value-to-lien ratios for such property owners within Improvement Area No. 1 based upon property values and property ownership in Improvement Area No. 1 as of September 1, 2013, as set forth in the Riverside County 2013-14 Tax Roll

Table 14
Top Ten Property Owners by
Percentage of Total Improvement Area No. 1 Special Tax
Levied for Fiscal Year 2013-14

Property Owner	2013-14 Improvement Area No. 1 Special Tax	Percent of Total 2013-14 Improvement Area No. 1 Special Tax	Total 2013-14 Special Taxes	Percent of Total 2013-14 Special Taxes	Total Assessed Value on 2013-14 Tax Roll ⁽¹⁾	Actual 2013-14 Direct and Overlapping Debt ⁽²⁾	Assessed Value-to- Lien Ratio ⁽³⁾
KOHL'S DEPT STORES INC	\$0	0.00%	\$12,514	2.60%	\$11,520,943	\$201,508	57.17
PACIFIC COSTANZO RIVERSIDE	\$0	0.00%	\$8,257	1.71%	\$7,467,557	\$127,301	58.66
NEW ALBERTSONS INC	\$0	0.00%	\$7,758	1.61%	\$6,753,720	\$127,015	53.17
HEC ORANGECREST	\$0	0.00%	\$4,312	0.89%	\$856,945	\$38,726	22.13
EAST HILLS COMMUNITY CHURCH RIVERSIDE INC	\$0	0.00%	\$3,338	0.69%	\$4,625,791	\$24,930	185.55
ORANGECREST PARTNERS	\$0	0.00%	\$3,323	0.69%	\$2,760,621	\$49,001	56.34
WALGREEN CO	\$0	0.00%	\$2,318	0.48%	\$6,963,181	\$80,127	86.90
FRESH & EASY NEIGHBORHOOD MARKET	\$0	0.00%	\$2,286	0.47%	\$2,209,344	\$36,535	60.47
TESORO SIERRA PROP	\$0	0.00%	\$2,132	0.44%	\$4,661,172	\$61,247	76.11
WOOD ROAD PARTNERSHIP	\$0	<u>0.00%</u>	\$2,058	<u>0.43%</u>	\$2,620,569	\$38,657	67.79
Total	\$0	0.00%	\$48,296	10.02%	\$50,439,843	\$785,047	64.25

⁽¹⁾ Assessed values are herein defined as the sum of the land, structure and fixture values reflected on the Riverside County 2013-14 Tax Roll. Business personal property and other taxable assets and exemptions listed on the tax roll are excluded.

⁽²⁾ Represents the actual direct and overlapping land-secured debt upon the issuance of Local Obligations as reflected on the 2013-14 Tax Roll.

⁽³⁾ Ratio is calculated by dividing Total Assessed Value column by Actual Direct and Overlapping Debt column.

Source: Collins & Associates Engineering, Inc.

(b)(iv) There were no changes to the Rates and Method of Apportionment of the special tax approved or submitted to the qualified electors for approval.

(b)(v) There has been no known event, which would reduce the number of residential units to be constructed within the District, or which would result in a moratorium on future building within the District.

(b)(vi) There are no foreclosure actions being pursued with respect to delinquent Special Taxes.

(b)(vii) The City adopted the Specific Plan Amendment for the formation of CFD 2002-1. The Rates and Method of Apportionment of special taxes for CFD 2002-1 were submitted to and approved by the electors in early 2003. CFD 2002-1 was formed and the Series C Local Obligation bond was issued.

(b)(viii) The electors approved the Rates and Method of Apportionment of special taxes for CFD 2002-1 in early 2003. The Rates and Method of Apportionment of special taxes for CFD 2002-1 was submitted with the June 2004 annual report, the first year for which special taxes were levied.

(b)(ix) There is no additional information not included above that is included in the annual report to the California Debt and Investment Advisory Commission.

CONTINUING DISCLOSURE CERTIFICATE - SECTION 5 - Reporting of Significant Events

There has been no occurrence of the following significant events with respect to the 2001 SERIES A REVENUE BONDS \$16,730,000 or the 2001 SERIES B SUBORDINATE REVENUE BONDS \$1,620,000, except that relative to item #11, as previously disclosed, Standard and Poor's, Moody's, and Fitch have lowered their ratings of the insurer of the bonds, Ambac Assurance Corp., from AAA, Aaa, and AAA to Withdrawn, Withdrawn, and Withdrawn, respectively.

1. Delinquency in payment when due of any principal or interest on the Bonds.
2. Occurrence of any Event of default under and as defined in the Indenture or Fiscal Agent Agreement (other than as described in clause (1) above).
3. Any unscheduled draw on either Reserve Account reflecting financial difficulties.
4. Any unscheduled draws on any credit enhancement reflecting financial difficulties.
5. Any change in the provider of any letter of credit or any municipal bond insurance policy securing the Bonds or any failure by the providers of such letters of credit or municipal bond insurance policies to perform on the letter of credit or municipal bond insurance policy.
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
7. Modifications to the rights of Bondholders.
8. Unscheduled redemption of any Bond.
9. Defeasance of the Bonds or any portion thereof.
10. Any release, substitution, or sale of property securing repayment of the Bonds.
11. Any change in the rating on the Bonds.