

ANNUAL DISCLOSURE REPORT

YEAR ENDING JUNE 30, 2016

CITY OF RIVERSIDE WATER PUBLIC UTILITIES

**2008 SERIES B WATER REVENUE BONDS
BONDS DATED MAY 28, 2008**

CUSIP NUMBERS 769076SS0 Through 769076TG5

Prepared by
City of Riverside

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RIVERSIDE PUBLIC UTILITIES
CONTINUING DISCLOSURE INFORMATION – 2008B WATER BONDS \$58,235,000
FISCAL YEAR ENDED JUNE 30, 2016

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

1. Enclosed is the City of Riverside CAFR and Water Utility 2015/16 Audited Financial Statements.
2. The principal amount of the 2008B Bonds outstanding at June 30, 2016 was \$58,235,000.
3. The reserve requirement for the 2008B bonds is fully funded by a surety issued by Assured Guaranty Municipal Corp. (AGMC) in an amount not to exceed \$3,940,125.

4. Water System General Statistics

No. of Service Connections	65,094
Annual Water Production	18,918 (millions of gallons)
Production from System Wells	18,918 (millions of gallons)
Peak Daily Distribution	74.7 (millions of gallons per day)
Average Daily Distribution ⁽¹⁾	49.3 (millions of gallons per day)

(1) Average Daily Production = Average Daily Distribution

5. Number of Meters

Residential	59,137
Commercial/Industrial	5,619
Other	338
Total - All Classes	<u>65,094</u>

6. Water Sales and Distribution (millions of gallons)

Total Retail Water Sales ⁽¹⁾	16,383
Average Daily Distribution	49.3
Maximum Day Distribution	74.7
Average Daily Sales per Meter (Gallons)	690

(1) Excludes wholesale sales

7. Summary of Operations and Debt Service Coverage (in thousands)

Operating revenues		
Water Sales		
Residential	\$	32,061
Commercial		16,572
Other sales		1,690
Water conveyance revenue		3,944
Other operating revenues		<u>1,694</u>
Total water revenues, before (reserve)/recovery		55,961
Reserve for uncollectible, net of recovery		<u>(128)</u>
Total operating revenue, net of (reserve)/recovery	\$	<u>55,833</u>
Investment income	\$	1,075
Contributions in aid		2,245
Non-Operating revenues		<u>894</u>
Total revenues	\$	<u>60,047</u>
Operating expenses		
Field operations	\$	13,613
Production and operations		14,648
Engineering		<u>5,542</u>
Total expenses	\$	<u>33,803</u>
Net Operating Revenues		
Available for Debt Service and Depreciation	\$	<u>26,244</u>
Debt Service Requirements on bonds	\$	13,597
Debt Service Coverage		1.93

CONTINUING DISCLOSURE CERTIFICATE - SECTION 5 - Reporting of Significant Events

There has been no occurrence during the reporting period of the following significant events with respect to the 2008 WATER REVENUE BONDS, SERIES B \$58,235,000, except that relative to item 6 as previously disclosed and noted below.

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Modification to rights of Bondholders.
4. Optional, contingent or unscheduled Bond calls.
5. Defeasances.
6. Rating Changes -

On July 12, 2016, Standard & Poor's lowered its underlying rating (SPUR) to "AA+" from "AAA" for the City of Riverside's water revenue bonds. Reflecting S&P's revised rating criteria for U.S. Municipal Waterworks and Sanitary Sewer Utility Revenue Bonds, as published in RatingsDirect on Jan. 19, 2016.

On July 22, 2016, Standard & Poor's raised its underlying rating (SPUR) to "AAA" from "AA+" for the City of Riverside's water revenue bonds. Reflecting S&P's further clarity on the City's upcoming rate plan and financial forecast.

7. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
8. Unscheduled draws on debt service reserves reflecting financial difficulties.
9. Unscheduled draws on credit enhancements reflecting financial difficulties.
10. Substitution of the credit or liquidity providers or their failure to perform.
11. Release, substitution or sale of property securing repayment of the Bonds.