

# **ANNUAL DISCLOSURE REPORT**

**YEAR ENDING JUNE 30, 2016**

## **CITY OF RIVERSIDE WATER PUBLIC UTILITIES**

**2009 SERIES A WATER REFUNDING/REVENUE BONDS \$31,895,000 (TAX EXEMPT)  
2009 SERIES B WATER REVENUE BONDS \$67,790,000 (FEDERALLY TAXABLE)  
BONDS DATED DECEMBER 22, 2009**

**CUSIP NUMBERS 769076TP5 Through 769076UB4  
CUSIP NUMBERS 769076UC2 Through 769076UG3**

Prepared by  
City of Riverside

Laura M. Chavez-Nomura  
Assistant General Manager-Finance/Administration  
Public Utilities Department  
951-826-5492

Scott G. Miller PhD  
Chief Financial Officer/Treasurer  
Finance Department  
951-826-5660

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RIVERSIDE PUBLIC UTILITIES

CONTINUING DISCLOSURE INFORMATION - 2009 A and B WATER BONDS \$99,685,000  
FISCAL YEAR ENDED JUNE 30, 2016

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

(a) Enclosed is the City of Riverside CAFR and Water Utility 2015/16 Audited Financial Statements.

(b) Below is financial information and operating data with respect to the Water System:

(i) The principal amount of the 2009 Bonds outstanding at June 30, 2016 was \$80,520,000.

(ii) 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 <sup>(1)</sup>	49.3 (millions of gallons per day)

(1) Average Daily Production = Average Daily Distribution

(iii) Number of Meters

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

(iv) Water Sales and Distribution (millions of gallons)

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

(1) Excludes wholesale sales

(v) 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

(vi) No Additional Bonds and Parity Debt were incurred by the City with respect to the Water System during fiscal year ended June 30, 2016.

## 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 2009 WATER REFUNDING REVENUE BONDS SERIES A and B \$99,685,000 except that relative to item 11 as previously disclosed and noted below.

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of the credit or liquidity providers or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the security.
7. Modification to rights of security holders.
8. Contingent or unscheduled bond calls.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities.
11. 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.

## VOLUNTARY DISCLOSURE - Other Event Based Disclosures

1. The interest subsidy on the Series B Taxable Build America Bonds is subject to adjustment as set forth in the March 4, 2013 IRS guidance. For additional information please review the IRS website: [www.irs.gov/tax-exempt-bonds/fy2017-update-effect-of-sequestration-on-state-local-government-filers-of-form-8038-CP](http://www.irs.gov/tax-exempt-bonds/fy2017-update-effect-of-sequestration-on-state-local-government-filers-of-form-8038-CP)