

ANNUAL DISCLOSURE REPORT

YEAR ENDING JUNE 30, 2016

CITY OF RIVERSIDE WATER PUBLIC UTILITIES

**2011 SERIES A VARIABLE RATE WATER REFUNDING REVENUE BONDS
BONDS DATED MAY 26, 2011**

CUSIP NUMBER 769076UH1

Prepared by
City of Riverside

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March 1, 2017

RIVERSIDE PUBLIC UTILITIES
CONTINUING DISCLOSURE INFORMATION – 2011A WATER BONDS \$59,000,000
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 2011A Bonds outstanding at June 30, 2016 was \$54,725,000.
3. 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

4. Number of Meters

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

5. 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

6. 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 Notice Events

There has been no occurrence during the reporting period of the following notice events with respect to the 2011 VARIABLE RATE WATER REFUNDING REVENUE BONDS, SERIES A \$59,000,000 except that relative to item 11 as previously disclosed and noted below.

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modification to rights of Bondholders, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating Changes.

On January 25, 2017 Standard & Poor's (S&P) converted from a short-term rating (A-1) to a long-term rating (AAA) on the bonds. This is a function of S&P's rating criteria that provides a short-term rate for less than a 13 month, and a long-term rate for more than a 13 month tendered instrument. The January 12, 2017 SIFMA remarketing went from a one year to a three year term which changed the rating classification. S&P does not maintain short-term and long-term ratings for a single series of bonds. Fitch and Moody's have provide both long and short-term ratings on the bonds and are maintaining their respective ratings of AA+/F1+ and Aa2/VMIG 1.

12. Bankruptcy, insolvency, receivership or similar event of the City.
13. The consummation of a merger, consolidation, or acquisition involving the City or sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

