

ANNUAL DISCLOSURE REPORT

YEAR ENDING JUNE 30, 2017

City of Riverside

\$30,000,000 2005, Series A Pension Obligation Bonds

DATED JUNE 21, 2005

CUSIP NUMBERS: 769036AA2 through 769036AL8

Prepared by
City of Riverside

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CITY OF RIVERSIDE
CONTINUING DISCLOSURE INFORMATION –
2005 PENSION OBLIGATION BONDS

FISCAL YEAR ENDED JUNE 30, 2017

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

Attached is the audited financial statement of the City of Riverside for the year ending June 30, 2017. Continuing disclosure information for the City of Riverside as required by Section 4(b)(i-iv and vi) is contained in this audited financial statement. Item 4(b)(v) Table 6 – General fund Reserves is presented below.

TABLE 6
CITY OF RIVERSIDE
GENERAL FUND RESERVES ⁽¹⁾
(As of June 30)

<u>Fiscal Year</u>	<u>Ending Fund Balance (1,000's)</u>	<u>Percent Change</u>
1992/93	\$11,522	--
1993/94	12,634	9.7%
1994/95	17,626	39.5
1995/96	14,768	(16.2)
1996/97	16,436	11.3
1997/98	20,769	26.4
1998/99	19,882	(4.2)
1999/00	24,130	21.4
2000/01	32,469	34.5
2001/02	45,170	39.2
2002/03	53,700	18.9
2003/04	50,503 ⁽²⁾	(5.6)
2004/05	55,650	10.2
2005/06	46,626	(16.2)
2006/07	46,239	(0.8)
2007/08	44,671	(3.4)
2008/09	39,921	(10.6)
2009/10	44,062	10.4
2010/11	40,369	(8.4)
2011/12	40,014	(0.9)
2012/13	39,463	(1.4)
2013/14	38,439	(2.6)
2014/15	40,090 ⁽³⁾	4.3
2015/16	33,250 ⁽⁴⁾	(17.1)
2016/17	45,277 ⁽⁵⁾	36.17

⁽¹⁾ The required presentation of fund balance changed with the implementation of GASB Statement 54, effective June 30, 2011, which results in the different terminology found in footnote 3 versus the similar footnote included in the Official Statement.

⁽²⁾ The 2003/04 value shown in the Official Statement was understated by \$3,203,000 and has been corrected above.

⁽³⁾ The available reserve balance of \$40,090,000 at June 30, 2015, includes the “Unassigned” fund balance of \$39,059,000 found in the General Fund balance sheet on page 22 of the City’s June 30, 2015, Comprehensive Annual Financial Report, adjusted as follows:

a) Plus the component of the “Nonspendable” fund balance related to prepaid expenses of \$959,000, since those commitments have already been accounted for from a budgetary perspective.

b) Plus an adjustment for interfund advances payable of \$72,000, since those commitments have already been accounted for from a budgetary perspective.

⁽⁴⁾ The 2015/16 available reserve balance of \$33,250,000 at June 30, 2016, includes the “Unassigned” fund balance of \$29,495,000 from the General Fund Balance sheet on page 21 of the City’s June 30, 2016, Comprehensive Annual Financial Report adjusted for the following:

a) Add the component of “Nonspendable” fund balance related to \$796,000 of prepaid expenses as these commitments have already been accounted for from a budgetary perspective.

b) Add an adjustment for capital lease revenue of \$2,959,000 as this commitment has already been accounted for from a budgetary perspective.

- (5) The available reserve fund balance of \$45,277,000 at June 30, 2017, includes “Unassigned” fund balance of \$39,283,000 adjusted as follows:
- a) Plus the component of the “Nonspendable” fund balance related to prepaid expenses of \$2,899,000, since those commitments have already been accounted for from a budgetary perspective.
 - b) Plus an adjustment for interfund advances related to pension obligation bonds in the amount of \$3,095,000, since these commitments have already been accounting for from a budgetary perspective.

Source: City of Riverside Finance Department.

Section 4(c) asks about additional General Fund obligations. Additional General Fund obligations have been incurred in addition to those listed in the Official Statement since the issuance of the bonds in June 2005. These additional obligations are listed in the attached Financial Statements of the City beginning on page 47 under Certificates of Participation, and Lease Revenue Bonds, as well as under Loans Payable on page 48, and Capital Leases on page 49.

CONTINUING DISCLOSURE CERTIFICATE - SECTION 5 - Reporting of Significant Events

There has been no occurrence of the following significant events with respect to the City of Riverside 2005 Pension Obligation Bonds, except as previously disclosed and described below:

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

On December 1, 2017, Standard and Poor's affirmed its "A" rating on NPFGC and then withdrew its rating at the company's request.

On June 26, 2017 the reinsurer of the bonds, National Public Finance Guarantee Corp (NPFGC), had its rating by Standard and Poor's decreased from AA- to A.

On May 4, 2017, Standard and Poor's increased its long term and SPUR ratings on the bonds from A+ to AA-.

The reinsurer of the bonds, National Public Finance Guarantee Corp (NPFGC) has had its rating by Standard and Poor's increased from A to AA- on March 18, 2014; while Moody's has increased its rating from Baa1 to A3 on May 21, 2014.

On April 29, 2011, Fitch lowered its rating on the Bonds from AA to AA-.

On March 25, 2010, Fitch recalibrated its rating on the Bonds from AA- to AA.

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

On February 18, 2009 the insurer of the bonds MBIA, was reinsured by National Public Finance Guarantee Corporation (NPFGC).

11. Release, substitution or sale of property securing repayment of the bonds.