

ANNUAL DISCLOSURE REPORT

YEAR ENDING JUNE 30, 2017

City of Riverside

**Taxable Pension Obligation Refunding Bonds
2017 Series A \$31,960,000**

DATED May 31, 2017

CUSIP NUMBERS: 769036 AX2 through 769036 BG8

Prepared by
City of Riverside

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CITY OF RIVERSIDE
CONTINUING DISCLOSURE INFORMATION –
2017 TAXABLE PENSION OBLIGATION REFUNDING BONDS, SERIES A

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-ii and iv - vii) is contained in this audited financial statement. Item 4(b)(iii) Table 5 and items 4(b)(viii) Table 14-18 are presented below.

Table 5
CITY OF RIVERSIDE
GENERAL FUND ADOPTED BUDGET (FISCAL YEARS 2016-17 AND 2017-18)
(Amounts Expressed in Thousands)

	<i>Adopted Budget</i> <i>2016-17 ⁽⁵⁾</i>	<i>Adopted Budget</i> <i>2017-18 ⁽⁵⁾</i>
Revenues		
Sales & Use Tax	\$ 66,568	\$ 70,141
Property Taxes	56,731	59,713
Utilities Users Tax	28,577	29,181
Charges for Services	26,350	26,922
Licenses and Permits	9,825	10,500
Property Transfer Tax	2,684	2,952
Fines and Forfeitures	1,737	1,745
Franchises	5,590	5,682
Special Assessments	4,504	4,494
Transient Occupancy Tax	6,542	6,869
Intergovernmental Revenues	1,520	1,525
One-Time Revenues	10,742	7,641
Transfers In	45,075	46,143
Total Revenues	\$ 266,445	\$ 273,508
Expenditures		
City Attorney	\$ 5,363	\$ 5,529
City Clerk	1,636	1,580
City Council	1,154	1,185
City Manager	4,746	4,821
Community Development	15,268	13,569
Finance	8,107	8,408
Fire	47,017	47,954

	<i>Adopted Budget</i> <i>2016-17</i> ⁽⁵⁾	<i>Adopted Budget</i> <i>2017-18</i> ⁽⁵⁾
Expenditures cont.		
General Services	4,401	4,461
Human Resources	2,958	3,093
Innovation & Technology	11,055	11,276
Library	6,461	6,647
Mayor	790	817
Museum	3,835	3,880
Non-Departmental	27,271	26,846
Parks, Recreation & Community Svcs	17,878	18,110
Police	94,610	96,934
Public Works	24,609	25,090
Negotiated Labor Adjustments ⁽¹⁾	52	1,432
Net Debt Allocation	19,213	20,257
Managed Savings	(5,425)	(5,425)
Transfers Out	(24,580)	(25,034)
Total Expenditures	\$ 266,419	\$ 271,430
Revenue over/(under) expenditure		
	26	2,078
Other financing sources (uses)		
Proceeds from issuance of long-term debt	-	-
Payments to escrow for refunding	-	-
Measure Z Transaction & Use Tax ⁽²⁾	10,000	51,557
Measure Z - appropriations ⁽²⁾	(450)	(793)
Total other financing sources (uses)	9,550	50,764
Net change in fund balance	9,576	52,842
Fund balance, beginning ⁽³⁾	65,578	75,155
Fund balance, ending ⁽⁴⁾	75,154	127,997

⁽¹⁾ Reflects approved and future anticipated employee negotiations for FY 2016-17.

⁽²⁾ Measure Z is a 1.0% Transaction and Use Tax approved by the electorate on November 8, 2016, and expires in 2036. Funds are segregated but available for General Fund obligations. Reflects Measure Z budget through February 2017. For a discussion of Measure Z, see "-Measure Z."

⁽³⁾ 2016-17 Adopted Budget beginning fund balance is the 2015-16 ending balance from the City's audited financial statements.

⁽⁴⁾ The Adopted Budget ending fund balances above include Measure Z reserves of \$9,550,000 in 2016-17, and \$60,314,000 in 2017-18. For a discussion of Measure Z, see "-Measure Z."

⁽⁵⁾ The information contained in Table 5 is the most recent information available. The City adopts a biennial budget in the month of June every two years. The next budget adoption scheduled for June 2019, will be for fiscal year 2018-19 and 2019-20.

Table 14
CITY OF RIVERSIDE
HISTORICAL FUNDING STATUS
(Miscellaneous Plan)

Valuation Date June 30	Accrued Liability	Market Value of Assets (MVA)	Unfunded Liability ⁽¹⁾	MVA Funded Status	Affects City		City Contribution Amount ⁽²⁾	Annual Covered Payroll	UAL as a Percentage of Payroll
					Contribution Rate for Fiscal Year	Fiscal Year			
2011	\$ 998,216,259	\$ 786,080,314	\$ 110,359,245	78.7%	2013-14	\$ 21,634,175	\$ 108,106,192	102.1%	
2012	1,046,199,578	766,804,452	126,627,922	73.3%	2014-15	22,838,012	110,037,157	115.1%	
2013	1,086,925,211	847,232,156	239,693,055	77.9%	2015-16	25,382,919	110,552,014	216.8%	
2014	1,180,549,024	972,056,589	208,492,435	82.3%	2016-17	27,753,436	110,534,205	188.6%	
2015	1,228,644,007	969,285,454	259,358,553	78.9%	2017-18	30,427,685	111,185,202	233.3%	
2016	1,277,998,975	949,866,377	328,132,598	74.3%	2018-19	34,637,237	113,072,729	290.2%	

⁽¹⁾ Prior to fiscal year 2012-13, unfunded liability was based on the actuarial value of assets. As a result of the PERS Board's adoption of modifications to smoothing and amortization policies, beginning in fiscal year 2012-13 and continuing thereafter, the unfunded liability will be based on the market value of assets. See "PERS Actuarial assumptions and Policies."

⁽²⁾ Amounts are actuarially required employer contributions amounts from the PERS Annual Valuation Reports rather than the actual amounts contributed by the City. The City's actual contributions differ based on increases or decreases in staffing levels. Differences are accounted for in future actuarially required contribution amounts. The City now has multiple pension tiers, with new employees paying their own contribution to the plan. As a result, prospective trending of actual contribution data would be difficult due to declining employer-paid member contribution obscuring changes in the employer rates.

Source: CalPERS Actuarial Reports for June 30, 2011 through June 30, 2016

Table 15
CITY OF RIVERSIDE
HISTORICAL FUNDING STATUS
(Safety Plan)

Valuation Date June 30	Accrued Liability	Market Value of Assets (MVA)	Unfunded Liability ⁽¹⁾	MVA Funded Status	Affects City		City Contribution Amount ⁽²⁾	Annual Covered Payroll ⁽³⁾	UAL as a Percentage of Payroll
					Contribution Rate for Fiscal Year	Fiscal Year			
2011	\$ 731,074,004	\$ 575,005,790	\$ 80,120,090	78.7%	2013-14	\$ 18,378,574	\$ 62,538,051	128.1%	
2012	766,405,422	561,733,859	92,467,753	73.3%	2014-15	20,029,006	63,114,831	146.5%	
2013	800,762,531	618,807,277	181,955,254	77.3%	2015-16	21,660,507	62,829,727	289.6%	
2014	875,218,159	710,483,280	164,834,879	81.2%	2016-17	23,891,949	62,765,015	262.6%	
2015	912,387,268	707,597,722	204,789,546	77.6%	2017-18	26,004,752	68,722,520	298.0%	
2016	968,923,917	693,848,703	275,075,214	71.6%	2018-19	30,448,377	72,627,842	378.7%	

⁽¹⁾ Prior to fiscal year 2012-13, unfunded liability was based on the actuarial value of assets. As a result of the PERS Board's adoption of modifications to smoothing and amortization policies, beginning in fiscal year 2012-13 and continuing thereafter, the unfunded liability is based on the market value of assets. See "PERS Actuarial assumptions and Policies."

⁽²⁾ Amounts are actuarially required employer contributions amounts from the PERS Annual Valuation Reports rather than the actual amounts contributed by the City. The City's actual contributions differ based on increases or decreases in staffing levels. Differences are accounted for in future actuarially required contribution amounts. The City now has multiple pension tiers, with new employees paying their own contribution to the plan. As a result, prospective trending of actual contribution data would be difficult due to declining employer-paid member contribution obscuring changes in the employer rates.

⁽³⁾ For valuation dates June 30, 2015 and June 30, 2016, the annual covered payroll represents the projected values from the CalPERS Actuarial Valuation report for June 30, 2016. Actual Covered Payroll values are \$62,890,841 for June 30, 2015 and \$66,464,764 for June 30, 2016, respectively.

Source: CalPERS Actuarial Reports for June 30, 2011 through June 30, 2016

Table 16
CITY OF RIVERSIDE
MISCELLANEOUS PLAN ⁽²⁾

<i>Fiscal Year</i> <i>Ending June 30</i>	<i>Actual Pension</i> <i>Cost (APC)</i> <i>(in thousands)</i>	<i>Percentage of</i> <i>APC</i> <i>Contributed ⁽¹⁾</i>	<i>Net Pension</i> <i>Obligation (Asset)</i> <i>(in thousands)</i>
2011	16,888	92.4%	\$ (55,253)
2012	21,661	92.8	(53,694)
2013	21,907	91.5	(51,825)
2014	22,361	90.1	(49,615)

Table 17
CITY OF RIVERSIDE
SAFETY PLAN ⁽²⁾

<i>Fiscal Year</i> <i>Ending June 30</i>	<i>Actual Pension</i> <i>Cost (APC)</i> <i>(in thousands)</i>	<i>Percentage of</i> <i>APC</i> <i>Contributed ⁽¹⁾</i>	<i>Net Pension</i> <i>Obligation (Asset)</i> <i>(in thousands)</i>
2011	14,956	86.7%	\$ (82,379)
2012	18,542	86.6	(79,890)
2013	18,945	83.9	(76,846)
2014	20,861	82.5	(73,191)

⁽¹⁾ Because of the issuance of pension obligation bonds by the City in 2004 and 2005, accounting rules require that the city amortize the prepayment associated with the lump sum contribution to PERS from the bond proceeds over the life of the debt. As a result, the percentage of the APC contributed is less than 100% with the remainder being accounted for by the amortization of the net pension asset. In each year shown in the table, the City has contributed 100% of the amount required by PERS as required by state law.

⁽²⁾ The information needed to update Tables 16 and 17 is no longer available from CalPERS, therefore the City's last update was for June 30, 2014.

Source: City's audited annual financial reports for the fiscal year ending June 30, 2011 through 2014.

Table 18
CITY OF RIVERSIDE
SCHEDULE OF MINIMUM EMPLOYER CONTRIBUTION RATES ⁽²⁾

<i>Valuation Date</i> <i>June 30</i>	<i>After</i> <i>Contribution</i> <i>Rate for</i> <i>Fiscal Year</i>	<i>Safety Plan ⁽¹⁾</i>	<i>Miscellaneous</i> <i>Plan ⁽¹⁾</i>
2011	2013-14	26.894%	18.314%
2012	2014-15	29.041	18.994
2013	2015-16	31.549	21.012
2014	2016-17	34.836	22.978
2015	2017-18	37.840	25.044

⁽¹⁾ Represents a blended rate for all three tiers of employees

⁽²⁾ The information needed to update Table 18 is no longer available from CalPERS; therefore, the City's last update was for June 30, 2015.

Source: CalPERS Actuarial Reports for June 3, 2011 through June 30, 2015.

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 2017 Taxable Pension Obligation Refunding Bonds, except as previously disclosed and described below:

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the bonds in a timely manner not in excess of 10 business days after the occurrence of the event.

1. Principal and interest payment delinquencies.
2. Tender offers.
3. Defeasances.
4. Rating changes.

On February 23, 2018, Standard & Poor's increased its rating from "AA-" to "AA" after applying its revised methodology for non-ad valorem Issue Credit Ratings Linked to U.S. Public Finance Obligors' Creditworthiness criteria, published January 22, 2018.

5. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
6. Unscheduled draws on the debt service reserves reflecting financial difficulties.
7. Unscheduled draws on the credit enhancements reflecting financial difficulties.
8. Substitution of the credit or liquidity providers or their failure to perform.
9. Bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the City.

(b) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the bonds, if material:

1. Non-payment related defaults.
2. Modifications to rights of Bondholders.
3. Bond calls.
4. Unless described under Section 5(a)(5) above, material notices or determination with respect to the tax status of the Bonds, or other material events affecting the tax status of the bonds.
5. Release, substitution or sale of property securing repayment of the bonds.

6. The consummation of a merger, consolidation, or acquisition involving the City or the 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.
7. Appointment of a successor or additional trustee or paying agent with respect to the bonds or the change of name of such a trustee or paying agent.