

EXHIBIT B

ANNUAL REPORT

\$20,235,000

**CITY OF REDWOOD CITY PUBLIC FINANCING AUTHORITY,
WATER REVENUE BONDS,
SERIES 2015**

Date of this Annual Report: **March 23, 2016**

For Fiscal Year: **2014-2015**

This Annual Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (the "Disclosure Certificate") dated May 1, 2015, executed by the undersigned (the "City") for and on behalf of itself and the City of Redwood City Public Financing Authority (the "Authority") in connection with the issuance of the above-captioned bonds by the Authority.

Capitalized terms used in this Annual Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

Any or all of the items listed below may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") the centralized on-line repository. The City shall clearly identify each such other document so included by reference.

I. Audited Financial Statements

Attached is a link to audited financial statements of the City, which include financial statements of the City's municipal water system enterprise (the "Enterprise"), prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board.

II. Existing Water Supply and Demand

The table below sets forth the average daily demand and maximum daily demand on the Enterprise for the prior Fiscal Year.

	Average Daily Demand (MGD)	Maximum Daily Demand (MGD)
Current Demand	8.4	8.8
Current Supply Hetch Hetchy	10.9	10.9
Current Supply Recycled Water	2.9	2.9
Current Capacity Surplus	5.4	5.0

III. Enterprise Revenues

The table below sets forth Enterprise revenues by customer type for the prior Fiscal Year.

Enterprise Revenues by Customer Type Fiscal Year 2014-2015.					
<u>Residential</u>	No. of Accounts	Consumption (CCF)	% of Total Consumption	Total Revenues	% of Total Revenue
Single-Family	19,146	1,916,358	44%	14,479,022	42%
Multi-Family Residential	1,669	750,209	17%	6,183,831	18%
Irrigation Residential	196	201,231	5%	1,251,438	4%
Subtotal	21,011	2,867,798	66%	21,914,291	64%
<u>Non-Residential</u>					
Municipal/Commercial	1,563	1,009,148	23%	8,255,220	24%
Irrigation Commercial	383	378,119	9%	2,616,024	8%
Subtotal	1,946	1,387,267	32%	10,871,245	32%
<u>Other</u>					
Fire/Other	776	71,786	2%	1,330,726	4%
Total	23,733	4,326,851	100%	34,116,261	100%

IV. Debt Service Coverage

The table below sets forth Enterprise revenues and expenses, debt service on the Bonds, and the resulting debt service coverage ratio for the prior Fiscal Year.

Revenues, Expenses and Debt Service Coverage	
Gross Revenue:	
Charges for Services	\$35,035,470
Non-operating Income	286,936
Total Gross Revenue	<u>\$35,322,406</u>
Maintenance and Operating Cost [1]	<u>\$25,436,771</u>
Net Revenue Available for Debt Service	<u>\$9,885,635</u>
2006 Installment Payments	\$1,569,014
2007 Installment Payments	948,575
2013 Installment Payments	<u>2,058,762</u>
Total Debt Service	<u>\$4,576,351</u>
Debt Service Coverage Ratio	<u>2.16</u>

[1] Net of depreciation and amortization.

V. No Default Certificate

A certified statement of the City to the effect that no Event of Default (as defined in that certain Installment Purchase Contract, dated as of May 1, 2015 by and between the Authority and the City (the "Installment Purchase Contract") has occurred, or if an Event of the Default has occurred, specifying the nature thereof and, if the City has a right to cure pursuant to Section 7.01 of the Installment Purchase Contract, stating in reasonable detail the measures, if any being undertaken by the City to cure such Event of Default.

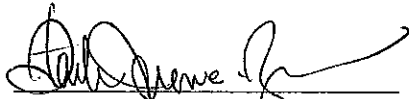
VI. Insurance Compliance

A certified statement of the City to the effect that all insurance required by the Installment Purchase Contract to be carried by the City with respect to the Enterprise is in full force and effect and complies with the terms of the Installment Purchase Contract.

VII. Application of Gross Revenues

A summary statement showing the amount of the Gross Revenues and the disbursements from the Gross Revenues, and the Maintenance and Operation Costs, in reasonable detail, for the preceding Fiscal Year, and a general statement of the Financial and physical condition of the Enterprise.

CITY OF REDWOOD CITY



Starla Jerome Robinson
Interim Finance Director