

EXHIBIT B

ANNUAL REPORT

\$ 41,150,000

**CITY OF REDWOOD CITY PUBLIC FINANCING AUTHORITY,
WATER REVENUE BONDS,
SERIES 2006A and 2007A**

Date of this Annual Report: February 26, 2014

For Fiscal Year: **2012-2013**

This Annual Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (the "Disclosure Certificate") dated March 1, 2006 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. 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 (million gallons per day)	Maximum Daily Demand (million gallons per day)
Current Demand	9.72	11.54
Current Supply Hetch Hetchy	10.92	13.44
Current Supply Recycled Water	2.89	2.89
Current Capacity Surplus	4.09	0.37

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 2012-2013.					
<u>Residential</u>	No. of Accounts	Consumption (CCF)	% of Total Consumption	"Billed Water" Total \$ Revenues	% of Total Revenue
Single-Family	18,991	2,252,854	49%	14,160,715	46%
Multi-Family Residential	1,671	824,463	18%	5,502,239	18%
Irrigation Residential	161	165,760	4%	1,020,545	4%
Subtotal	20,823	3,243,077	71%	20,683,499	68%
<u>Non-Residential</u>					
Municipal/Commercial	1,538	809,909	18%	6,204,104	20%
Irrigation Commercial	248	158,105	3%	1,362,326	4%
Subtotal	1,786	968,014	21%	7,566,430	24%
<u>Other</u>					
Fire/Other	946	370,739	8%	2,548,307	8%
Total	23,555	4,581,830	100%	30,798,236	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	\$31,464,566
Investment Income/Interest	100,514
Connection Fees	1,702,935
Total Gross Revenue	\$33,268,015
Operating Expenses [1]	
Operating Expenses	\$26,625,715
Transfers In/Out	(633,690)
Total Operating Expenses	\$25,992,025
Net Revenue	\$7,275,990
Debt Service on the Bond	\$4,667,853
Debt Service Coverage Ratio	1.56

[1] Net of depreciation and amortization.

CITY OF REDWOOD CITY

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Brian Ponty
Director of Finance