



# Comprehensive Annual Financial Report Year Ended June 30, 2015



**CITY OF RIVERSIDE, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

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**Prepared by the Finance Department  
Brent A. Mason, Finance Director/Treasurer**

**3900 Main Street, Riverside, California 92522 (951) 826-5660**

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**CITY OF RIVERSIDE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED JUNE 30, 2015**

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November 9, 2015

To the Honorable Mayor, Members of the City Council and Citizens of the City of Riverside:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Riverside (the City) for the fiscal year ended June 30, 2015.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Macias Gini & O'Connell LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2015. The independent auditor's report is presented as the first component of the financial section of this CAFR.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with emphasis on those involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

Management has provided an overall analysis of the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with this section. The City's MD&A can be found immediately following the independent auditor's report.

### **Profile of the City of Riverside**

The City of Riverside, incorporated on October 11, 1883, is located in the western portion of Riverside County, about 60 miles east of Los Angeles. The City currently occupies a land area of 81.507 square miles.

The City operates under the council-manager form of government, with a seven-member council elected by ward for four-year overlapping terms. The mayor is elected at large for a four-year term and is the presiding officer of the Council, but does not have a vote except in the case of a tie. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments. The Council is elected on a non-partisan basis.

The City provides a full range of services which include general government, public safety (police, fire, disaster preparedness and building inspection), construction and maintenance of highways and streets, economic development, culture and recreation, electric, water, airport, refuse, sewer, and senior citizen/handicap transportation. In addition to general City activities, the Council is financially accountable for the Riverside Housing Authority, Riverside Public Financing Authority, Riverside Municipal Improvements Corporation and the Successor Agency, which was formed to hold the assets of the former Redevelopment Agency; therefore, these entities are included as an integral part of the City's financial statements. Additional information on these legally separate entities can be found in note 1 in the Notes to Basic Financial Statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review at least thirty-five calendar days prior to the beginning of each fiscal year. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, which is the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 26 as part of the basic financial statements for the governmental funds. For governmental funds other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which begins on page 75.

**Local economy:** The City is located in the Inland Empire, which consists of Riverside and San Bernardino Counties (the "MSA"). The population of the Inland Empire at approximately 4.2 million is larger than 24 states. The City leads the Inland Empire in most

measures of economic power, including population, income, employment, bank deposits, assessed valuation, office space and college enrollment. The population of the City is 317,307, which places it as the 12th largest in Southern California.

Unemployment in the MSA is currently at 6.5% down from 8.4% for the same period last year with modest improvements in the real estate and home building sectors. The Citywide budget for the fiscal year 2015/2016 remains relatively flat and is balanced.

The MSA is projected to grow in future years because land values continue to remain well below those in Los Angeles, Orange and San Diego Counties. Among the City's challenges is a lack of available space for manufacturing and industrial development within current boundaries.

**Goals and Vision:** During fiscal year 2014/2015 the City Council held Strategic Planning Workshops that resulted in the identification of the following seven strategic priorities:

- **Enhanced Customer Service – Improved quality of life**
- **Economic Development – Continue to develop an economically vibrant City**
- **Community Services – Provide appealing, accessible and safe venues**
- **City Transportation Program – Continue to develop efficient transportation systems and provide affordable options for community mobility**
- **Improve Housing Diversity and Options**
- **Improve Teamwork and Communication**
- **Reduce Taxpayer Liability and Reduce Costs Wherever Possible**

As a result of the development of the seven strategic priorities, the Riverside 2.0 Strategic Plan was formed to implement the vision. The purpose of the Riverside 2.0 Strategic Plan is to advance the City of Riverside's mission statement: *The City of Riverside is committed to providing high quality municipal services to ensure safe, inclusive, and livable community.* Additionally, the Riverside 2.0 Strategic Plan is intended to advance *Seizing Our Destiny* which is Riverside's community-driven campaign that builds on the city's existing strengths to create an even better place to live, work and play for future generations. The Seizing Our Destiny Campaign was developed by City officials and civic leaders and encompasses a 20-year strategic vision that mobilizes the skills and resources of a broad cross-section of Riverside toward one common goal – a better community for us all. The goal, or Vision, has four primary aspects for Riverside:

- **Nurture Intelligent Growth**
- **Catalyst for Innovation**
- **Location of Choice**
- **Evolve as a Unified City**

**Long-term financial planning.** Annually, the City updates a five (5) year Capital Improvement Program (CIP). Planned capital expenditures during fiscal years 2015/16 - 2019/20 total approximately \$400 million. The projects encompass all seven Council wards and enhance the life of all residents. Funding comes from multiple sources, including existing funds; bond proceeds, user fees, special tax revenues, and regional, state and federal funds. In addition to routine electric, water, sewer and transportation-related projects, the CIP includes improvements to Parks, Recreation and Community Services projects; railroad-related projects; and municipal buildings and facilities, such as library, police and fire facilities.

**Financial policies.** A portion of fund balance within the General Fund is set aside and designated for future economic contingencies. The amount that has been set aside is equal to approximately 15% of General Fund expenditures. The City is currently working on establishing a comprehensive fund balance policy with anticipated implementation during fiscal year 2015/2016.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Program) to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the twenty-sixth consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized CAFR that satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

This award is valid for a period of one year only. We believe that our current CAFR continues to meet the Program's requirements and we are submitting it to the GFOA again this year.

**Budget Presentation Award:** The City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2014. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Brent A. Mason  
Finance Director/Treasurer





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Riverside  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

A handwritten signature in black ink, appearing to read 'Jeffrey R. Emen'.

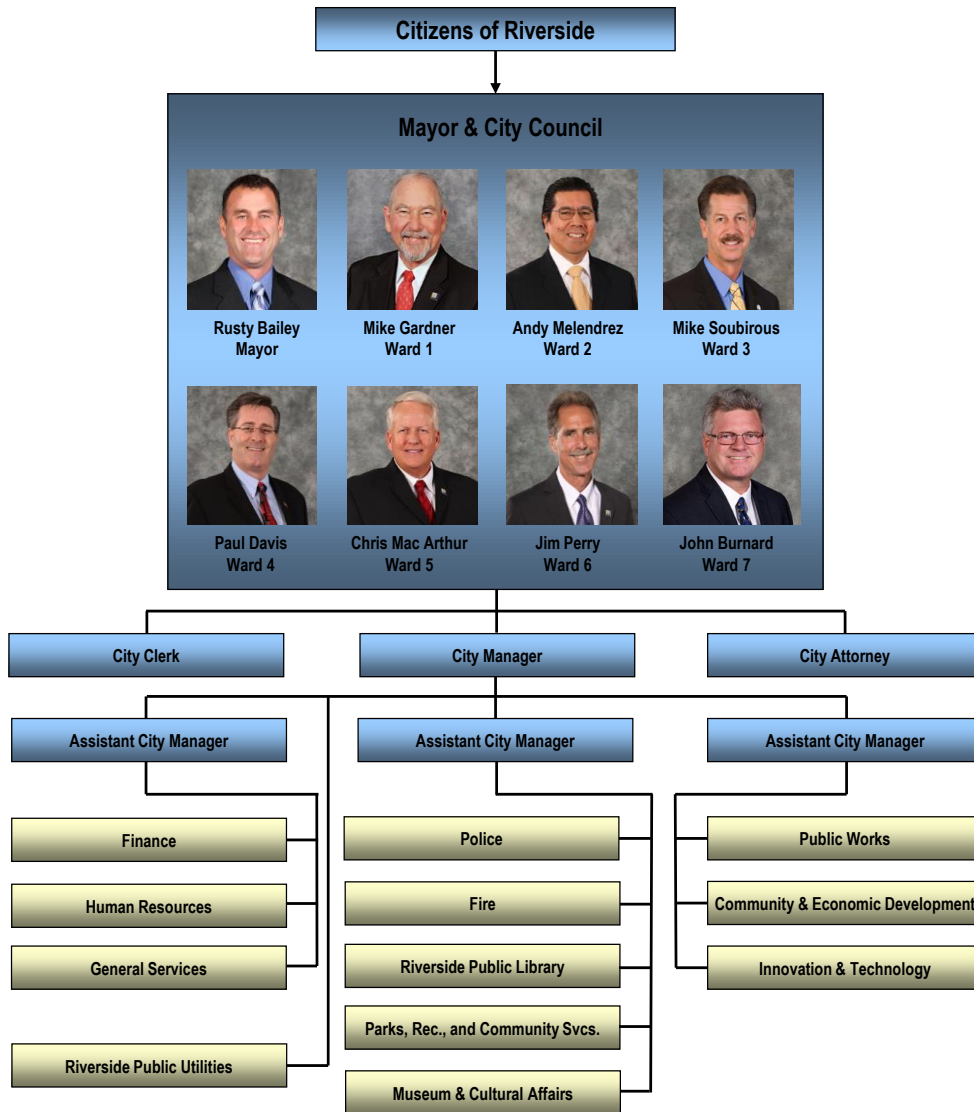
Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Riverside for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

## ORGANIZATION CHART



## LEGISLATIVE OFFICIALS

Rusty Bailey ..... Mayor  
 Mike Gardner ..... Councilmember – Ward 1  
 Andy Melendrez ..... Councilmember – Ward 2  
 Mike Soubiros ..... Councilmember – Ward 3  
 Paul Davis ..... Councilmember – Ward 4  
 Chris Mac Arthur ..... Councilmember – Ward 5  
 Jim Perry ..... Councilmember – Ward 6  
 John Burnard ..... Councilmember – Ward 7

## CITY OFFICIALS

John A. Russo ..... City Manager\*  
 Alex Nguyen ..... Assistant City Manager  
 Al Zelinka ..... Assistant City Manager  
 Marianna Marysheva-Martinez ..... Assistant City Manager

Colleen J. Nicol ..... City Clerk\*  
 Gary Geuss ..... City Attorney\*  
 Sergio G. Diaz ..... Chief of Police  
 Lea Deesing ..... Chief Innovation Officer  
 Rafael Guzman ..... Community & Economic Development Director  
 Brent A. Mason ..... Finance Director/Treasurer  
 Michael Moore ..... Fire Chief  
 Kris Martinez ..... Interim Public Works Director  
 Brenda Diederichs ..... Human Resources Director  
 Tonya Kennon ..... Library Director  
 Sarah Mundy ..... Museum & Cultural Affairs Director  
 Adolfo Cruz ..... Parks, Recreation & Community Svcs. Director  
 Girish Balachandran ..... General Manager - Public Utilities  
 Carl Carey ..... Interim General Services Director

\*Appointed by City Council



## Independent Auditor's Report

Honorable Mayor and Members of the City Council  
City of Riverside, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Riverside, California (the City), as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Notes 15 and 18 to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedule of changes in net pension liability and related ratios during the measurement period, pension schedule of plan contributions and other post-employment benefits schedules of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Macias Gini & O'Connell LLP*

Newport Beach, California  
November 9, 2015

## **Management's Discussion and Analysis (Unaudited)**

As management of the City, we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on page i of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) Notes to Basic Financial Statements. This report also contains certain supplementary information.

**Government-wide financial statements** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, and culture and recreation. The business-type activities of the City include Electric, Water, Sewer, Refuse, Public Parking, Airport and Transportation services.

The government-wide financial statements include the activities of the City and three blended component units, which consist of the Riverside Housing Authority, Riverside Public Financing Authority and the Riverside Municipal Improvements Corporation. Although legally separate, these entities function for all practical purposes as departments of the City and therefore have been blended as part of the primary government. The Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) is also included

as a fiduciary component unit since it would be misleading to exclude the Successor Agency due to the nature and significance of the relationship between the City and the Successor Agency. The activity of the Successor Agency is reported with the City's fiduciary funds, which is not included in the government-wide statements since the resources of those funds are *not* available to support the City's own programs.

Both the Governmental Activities and the Business-Type Activities are presented on the accrual basis of accounting, a basis of accounting that differs from the modified accrual basis of accounting used in presenting governmental fund financial statements. Note 1 of the Notes to Basic Financial Statements fully describe these bases of accounting. Proprietary funds, discussed below, also follow the accrual basis of accounting.

The government-wide financial statements can be found on pages 20-21 of this report.

**Fund financial statements** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary.

**Governmental funds** *Governmental funds* are used to account for the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* as well as on balances of spendable resources available at the end of the fiscal year.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Reconciliations to facilitate this comparison are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The major reconciling items relate to capital assets and debt. In the Governmental Funds, acquisitions of capital assets are treated as "expenditures" because upon purchase of a capital asset, cash used for the acquisition is no longer available for other purposes. The issuance of debt provides cash, which is now available for specified purposes. Accordingly, at the end of the fiscal year, the unrestricted fund balances of the Governmental Funds reflect spendable resources available for appropriation by the City Council. Spendable balances are not presented on the face of the government-wide financial statements.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Outlay Fund, which are major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual

fund data for each of these non-major governmental funds is provided in the form of *combining statements* and can be found on pages 70-73 in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 22-26 of this report.

***Proprietary funds*** The City maintains two different types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for Electric, Water, Sewer, Refuse, Public Parking, Airport and Transportation services. *Internal service* funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for self-insured insurance programs, central stores and its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Internal service funds are presented as proprietary funds because both enterprise and internal service funds follow the accrual basis of accounting.

Proprietary funds provide the same type of information as the government-wide financial statements (*business-type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water and Sewer operations, all of which are considered to be major funds of the City. The four remaining proprietary funds noted above are combined into a single, aggregated presentation. All internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major proprietary funds and the internal service funds is provided in the form of *combining statements* and can be found on pages 78-86 in this report.

The basic proprietary fund financial statements can be found on pages 27-30 of this report.

***Fiduciary funds*** Fiduciary funds are used to account for situations where the City's role is purely custodial. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on page 32-33 of this report, and the combining statement for the agency fund can be found on page 87.

**Notes to Basic Financial Statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Basic Financial Statements begin on page 34 of this report.

## **Financial Highlights**

**New significant Accounting Standards Implemented** In fiscal year 2014-15, the City adopted two new statements of financial accounting standards issued by the Government Accounting Standards Board (GASB) that relates to pension activity: Statement No. 68, *“Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.”* Statement No. 68 (Statement) establishes standards of accounting and financial reporting, but not funding or budgetary standards, for the City’s defined benefit pension plans. The Statement replaces the requirements of prior GASB statements impacting accounting and disclosure of pensions. Statement No.71, *“Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.”* The measurement date for the pension liabilities is as of June 30, 2014. This date reflects a one year lag and was used so that these financial statements could be issued in an expedient manner. Contributions made to the City’s pension plans subsequent to the measurement date are reported as deferred outflows of resources in accordance with Statement No.71.

The significant impact to the City of implementing Statement No. 68 is the reporting of the City’s pension liability on the City’s government wide financial statements. There are also new note disclosure requirements and required supplementary information schedules as a result of implementing this Statement.

In order to implement the Statement, a prior period adjustment was made to the City’s governmental and business-type activities July 1, 2014 net position. The prior period adjustment decreased the City’s governmental type activities beginning net position by \$421,829 from \$1,200,922 to \$779,093 and the City’s business-type activities beginning net position by \$167,498 from \$1,045,049 to \$877,551 and reflects the reporting of: 1) net pension liabilities of \$275,584 and \$125,376 governmental and business-type activities, respectively, 2) deferred outflow of resources of \$44,314 and \$20,161, respectively and 3) deferred inflow of resources of \$79,413 and \$36,130, respectively. Refer to Note 15 for more information regarding the City’s pensions.

The adoption of Statement No. 68 has no impact on the City’s governmental fund financial statements, which continue to report expenditures equal to the amount of the City’s actuarially determined contribution (formerly referred to as the “annual required contribution”). The calculation of pension contributions is also unaffected by this Statement. GASB Statement No. 68 was not reflected in the 2014 results due to lack of information from the pension plans necessary to implement in prior year.

## **Government-wide Financial Analysis**

The following table presents a summarization of the City’s assets, liabilities, deferred inflows and outflows, and net position for its governmental and business-type activities. As noted earlier, a government’s net position may serve over time as a useful indicator of its financial position.



(Amounts presented in thousands)

	Governmental		Business type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 292,043	\$ 391,053	\$ 809,052	\$ 740,238	\$1,101,096	\$1,131,291
Capital assets, net	1,379,913	1,359,060	1,666,927	1,587,102	3,046,840	2,946,162
Total assets	1,671,956	1,750,113	2,475,979	2,327,340	4,147,936	4,077,453
Deferred outflows of resources	66,351	19,880	62,584	40,444	128,934	60,324
Current liabilities	66,211	65,949	153,836	154,937	220,047	220,886
Long-term liabilities	767,003	503,073	1,432,349	1,159,042	2,199,352	1,662,115
Total liabilities	833,214	569,022	1,586,185	1,313,979	2,419,399	1,883,001
Deferred inflows of resources	79,414	49	41,083	8,756	120,497	8,805
Net position:						
Net investment in capital assets	1,126,220	1,106,384	626,166	616,844	1,752,386	1,723,228
Restricted	105,847	96,587	75,660	68,506	181,507	165,093
Unrestricted	(406,388)	(2,049)	209,469	359,699	(196,919)	357,650
Total net position	\$ 825,679	\$ 1,200,922	\$ 911,295	\$ 1,045,049	\$1,736,974	\$2,245,971

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,736,974 at June 30, 2015, a decrease of \$508,997 from June 30, 2014.

By far the largest portion of the City's net position (101 percent) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure), net of any related debt that is still outstanding used to acquire those assets and net of unspent bond proceeds and cash held in bond reserve accounts. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

An additional portion of the City's net position (10 percent) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$209,469 is held by the business-type activities and (\$406,388) net deficit is held by the governmental activities.

Unrestricted net position in the amount of (\$196,919), a decrease of 155% from prior year, is the change in resources available to fund City programs to citizens and debt obligations to creditors. The entire negative unrestricted net position resides in the City's General Fund and is primarily the result of the reporting of the City's net pension liability.

Governmental activities decreased the City's net position by \$375,243 to \$825,679 for the year ended June 30, 2015, accounting for 74% of the City's total decrease in net position. The primary result of this decrease was a prior period adjustment of \$421,829 due to the implementation of new pension standards related to the City's pension obligations. Governmental operating results is discussed on page 10 and business-type operating results is discussed on page 13.

On the following page is a condensed summary of activities of the City's governmental and business-type operations for the period ended June 30, 2015 with the prior fiscal year presented for comparative purposes. Also included in the following analysis are revenue and expense graphs to aid in understanding the results of the current year's activities.

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(Amount presented in thousands)

	Governmental Activities		Business type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charge for services	\$ 55,043	\$ 46,112	\$ 491,622	\$ 485,462	\$ 546,665	\$ 531,574
Operating grants and contributions	12,869	14,341	3,869	2,524	16,738	16,865
Capital grants and contributions	43,904	48,433	8,027	11,486	51,931	59,919
General Revenues:						
Sales taxes	59,437	55,096	-	-	59,437	55,096
Property taxes	54,864	51,323	-	-	54,864	51,323
Other taxes and fees	38,899	37,327	-	-	38,899	37,327
Investment income	3,233	2,759	5,319	8,005	8,552	10,764
Other	15,548	5,688	7,652	7,081	23,200	12,769
Total Revenues	<u>283,797</u>	<u>261,079</u>	<u>516,489</u>	<u>514,558</u>	<u>800,286</u>	<u>775,637</u>
Expenses:						
General government	26,587	39,331	-	-	26,587	39,331
Public safety	154,123	149,555	-	-	154,123	149,555
Highways and streets	36,563	36,564	-	-	36,563	36,564
Culture and recreation	45,594	42,252	-	-	45,594	42,252
Interest on long-term debt	17,025	17,741	-	-	17,025	17,741
Electric	-	-	309,874	304,416	309,874	304,416
Water	-	-	62,792	60,030	62,792	60,030
Sewer	-	-	35,593	40,385	35,593	40,385
Refuse	-	-	20,007	20,831	20,007	20,831
Airport	-	-	1,809	1,662	1,809	1,662
Transportation	-	-	4,385	4,067	4,385	4,067
Public parking	-	-	5,604	4,610	5,604	4,610
Total expenses	<u>279,892</u>	<u>285,443</u>	<u>440,064</u>	<u>436,001</u>	<u>719,956</u>	<u>721,444</u>
Increase (decrease) in net position before transfers	3,905	(24,364)	76,425	78,557	80,330	54,193
Transfers, net	42,681	43,100	(42,681)	(43,100)	-	-
Total changes in net position	<u>46,586</u>	<u>18,736</u>	<u>33,744</u>	<u>35,457</u>	<u>80,330</u>	<u>54,193</u>
Net position - beginning, as previously reported	1,200,922	1,182,186	1,045,049	1,009,592	2,245,971	2,191,778
Prior period adjustment	(421,829)	-	(167,498)	-	(589,327)	-
Net position - beginning, as restated	<u>779,093</u>	<u>1,182,186</u>	<u>877,551</u>	<u>1,009,592</u>	<u>1,656,644</u>	<u>2,191,778</u>
Net position - ending	<u>\$ 825,679</u>	<u>\$ 1,200,922</u>	<u>\$ 911,295</u>	<u>\$ 1,045,049</u>	<u>\$ 1,736,974</u>	<u>\$ 2,245,971</u>

**Governmental activities.** Total net position for governmental activities decreased by \$375,243 or 31% from prior year. Governmental net position in the prior fiscal year increased by \$18,736. Key elements of this year's activity in relation to the prior year are as follows:

**Revenues:**

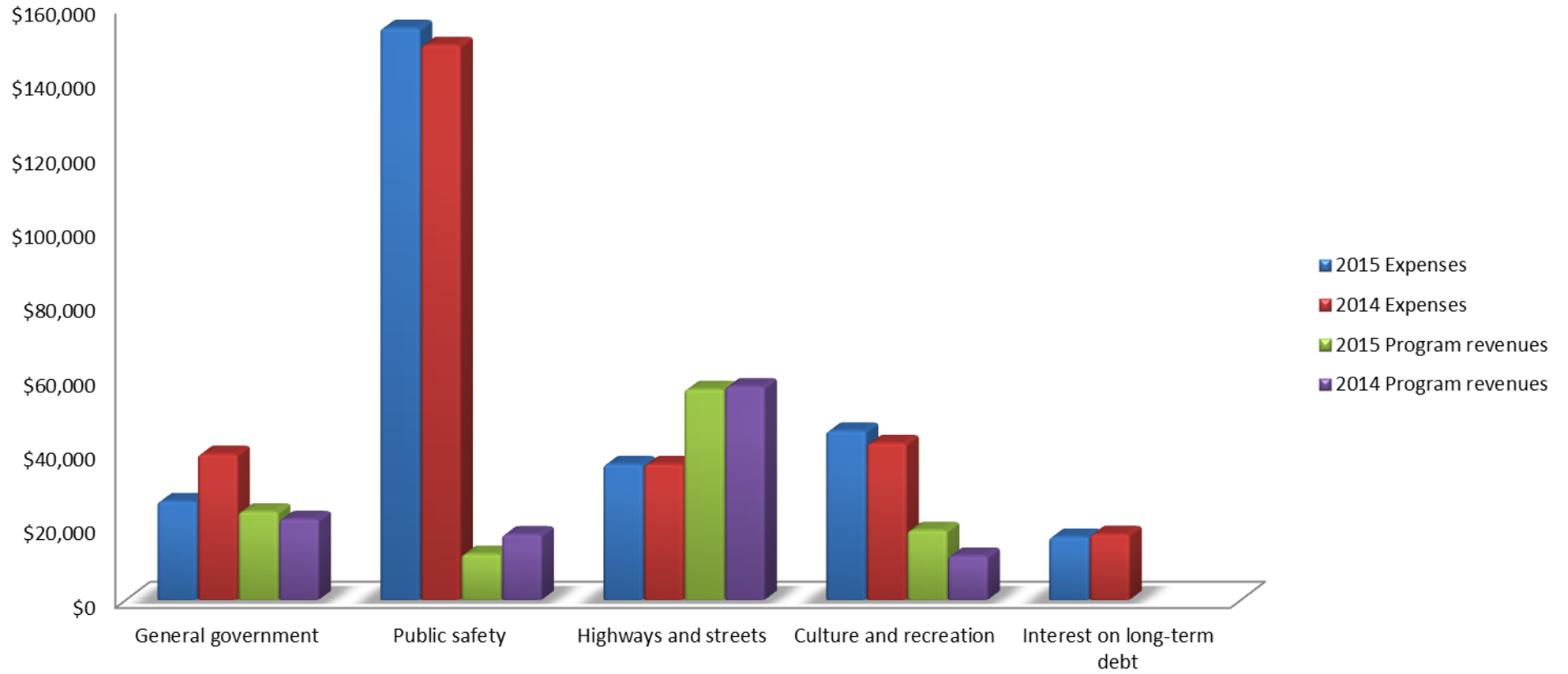
- While variances between years exist for the various revenue categories, the total net increase was approximately \$23 million, which is largely attributable to an increase in charges for services, sales tax revenue and an increase in miscellaneous revenue. Overall charges for services increased by \$9 million or 19% and sales tax revenue increased by \$4.3 million or 8%. The increase in charges for services was primarily attributable to a \$5.2 million increase in revenue related to the grand re-opening of the Riverside Convention Center and an increase of \$2.6 million related to the Fox Performing Arts Theater and Riverside Municipal Auditorium. A new operating vendor took over the operations of the Fox Performing Arts Theater and Riverside Municipal Auditorium half way through fiscal 2014. With an increased emphasis on expanding the entertainment line-up and a full fiscal year of operations, the combined result increased the City's overall entertainment experience as well as program revenues. The increase in sales tax revenue relates to an increase in general sales and use tax resulting from increased consumer spending. Miscellaneous revenue increased \$9.7 million or 171%. The increase was primarily attributable to an increase in operating income related to the City's internal service funds of \$4.2 million. Claims and insurance expense decreased \$1.6 million from prior year while overall charges for services increased \$1.3 million.

**Expenses:**

- While variances between years exist for the various expense functions, the total net increase was approximately \$1.8 million or less than 1%. This is primarily related to an increase of \$2.6 million in operating expenses related to the Fox Performing Arts Theater and Riverside Municipal Auditorium. A new operating vendor took over the operations of the Fox Performing Arts Theater and Riverside Municipal Auditorium. With an increased emphasis on expanding the entertainment line-up and a full fiscal year of operations the combined result increased the City's overall entertainment experience as well as program expenses.

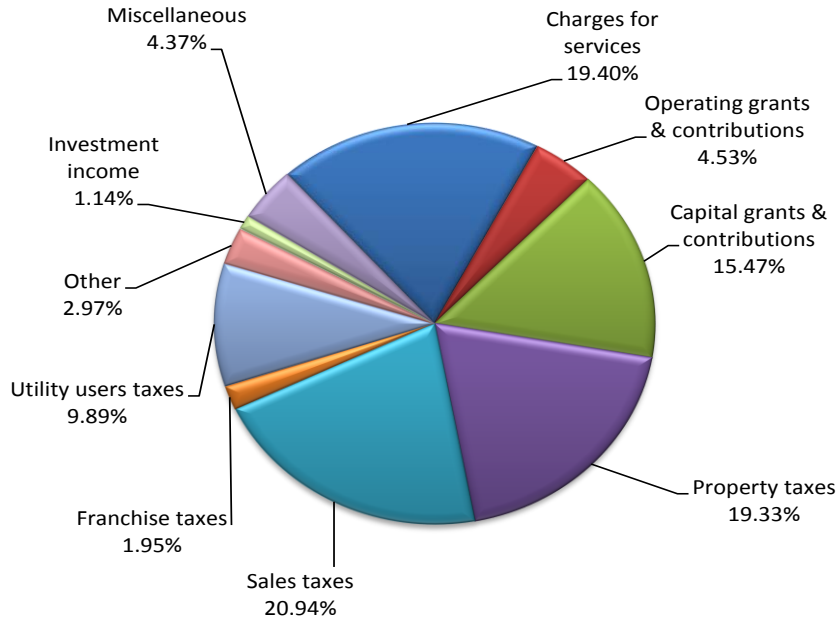
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## Expenses and Program Revenues – Governmental Activities – Fiscal Year Comparison 2015 vs. 2014

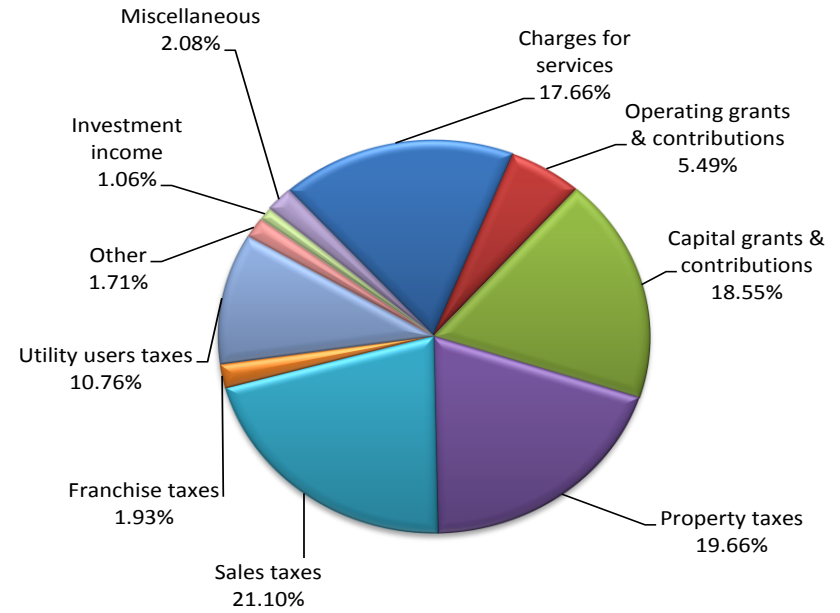


## Revenues by Source – Governmental Activities – Fiscal Year Comparison 2015 vs. 2014

**2015**



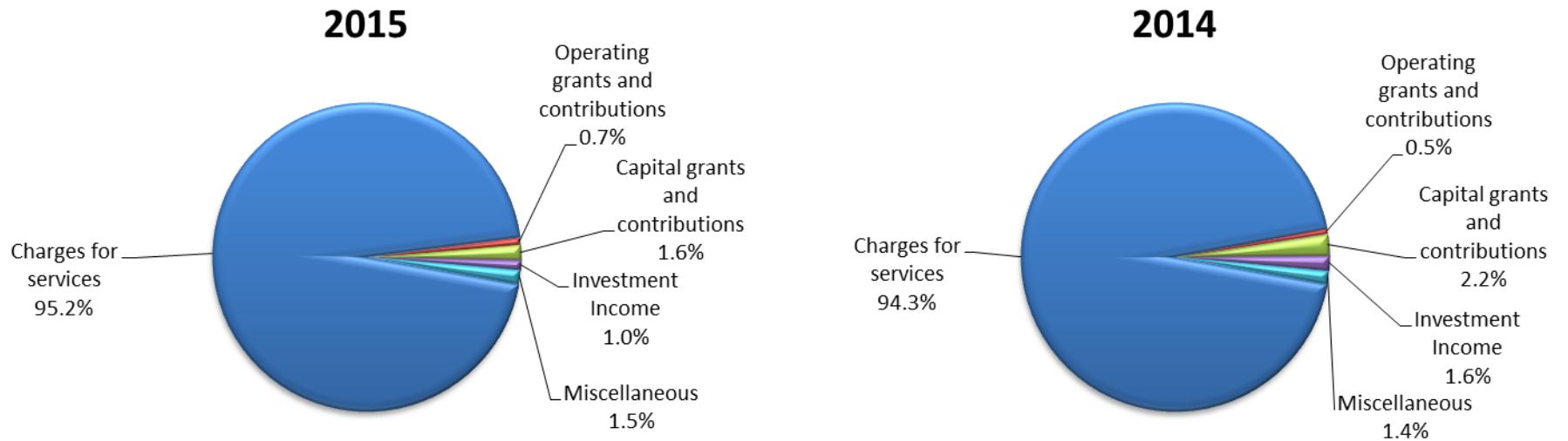
**2014**



**Business-type activities.** The net position of business-type activities decreased by \$133,754, accounting for a 12.8% decrease in total net position. The net position of business-type activities increased by \$35,457 in the prior year. Key elements of this year’s activity in relation to the prior year are as follows:

- Charges for services remained relatively flat along service lines resulting in an overall increase of \$6,160 or 1.2%. The primary catalyst for the increase is the Sewer fund which accounted for \$4,174 of the increase and was due to annual rate increases.
- Overall expenses increased by \$4,063 primarily in Electric. Production and purchased power expense increased due to the write-off of the regulatory asset related to SONGS replacement power associated with the shutdown of SONGS units 2 and 3. The overall decrease in net position primarily relates to a prior period adjustment to beginning net position in the amount of \$167,498 for all business-type activities in the current year. This was the result of the implementation of new pension accounting and financial reporting standards.

**Revenues by Source – Business-Type Activities – Fiscal Year Comparison**



## Financial Analysis of the City's Funds

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The following table summarizes the balance sheet of the City's General, Capital Outlay, and Other Governmental Funds. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

(Amounts presented in Thousands)

	General Fund		Capital Outlay		Other Governmental Funds		Total Governmental Funds	
	2015	2014	2015	2014	2015	2014	2015	2014
Total assets	\$ 112,678	\$ 109,891	\$ 51,122	\$ 71,633	\$ 125,524	\$ 121,524	\$ 289,324	\$ 303,048
Total liabilities	\$ 29,345	\$ 26,114	\$ 14,304	\$ 29,406	\$ 14,112	\$ 15,312	\$ 57,761	\$ 70,832
Deferred inflows of resources								
Unavailable revenue	3,682	4,917	18,205	4,860	38,001	34,522	59,888	44,299
Fund balances								
Nonspendable	23,642	24,419	-	-	36,902	1,460	60,544	25,879
Restricted	2,985	2,204	18,613	37,367	38,796	71,963	60,394	111,534
Assigned	13,965	14,505	-	-	-	-	13,965	14,505
Unassigned	39,059	37,732	-	-	(2,287)	(1,733)	36,772	35,999
Total fund balance	79,651	78,860	18,613	37,367	73,411	71,690	171,675	187,917
Total liabilities, deferred inflows and fund balances	\$ 112,678	\$ 109,891	\$ 51,122	\$ 71,633	\$ 125,524	\$ 121,524	\$ 289,324	\$ 303,048

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$171,675 a decrease of \$16,242 compared to the prior year. Additionally, 35% of the fund balance \$60,544 is *nonspendable*, which comprises the portion of fund balance that cannot be spent due to form. \$60,394 or 35% of fund balance is *restricted*, which represents the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors. \$13,965 or 8% of fund balance is constrained by the City's intent to utilize fund balance for specific purposes, which is reported within the fund balance classification *assigned*. The remainder of the fund balance is *unassigned*, meaning it is available for spending at the City's discretion. Of



that amount, \$38,500 has been set aside for future economic contingencies at June 30, 2015 whereas \$36,000 had been set aside in the previous year. The City's governmental funds reported combined total assets of \$289,324 at June 30, 2015, a decrease of \$13,724 compared to the prior year. Liabilities and deferred inflows of resources amounted to \$117,649, an increase of \$2,518. The primary reason for the increase in total assets and related fund balances is due to the receipt of State Mandated Claims of \$2.9 million including interest which was received in June 2015. The reimbursement was for mandated related costs incurred prior to 2004. The claims were required to be repaid under Proposition 1A. The Governor's May Revise directed that the remaining balances be paid this fiscal year due to the State of California's revenue surplus.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled \$79,651 in comparison to \$78,860 in the prior year. The portion of fund balance classified as unassigned was \$38,977, most of which was set aside for future economic contingencies.

Fund balance for the Capital Outlay Fund decreased by \$18,754. The primary reason for the decrease is due to the use of bond proceeds in the Capital Outlay Fund associated with the 2013 Certificates of Participation. In fiscal 2015, approximately \$8.4 million of bonds proceeds were utilized for related pavement rehabilitation projects throughout the City.

***Proprietary funds.*** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Electric, Water and Sewer Funds at the end of the year amounted to \$171,120, \$41,524, and \$8,272 respectively. The unrestricted net position for the Electric, Water and Sewer Funds in the prior year was \$258,514, \$78,570, and \$19,066, respectively. The decrease in unrestricted net position for the Electric, Water and Sewer Funds is primarily a result of operating activities and one-time adjustments as described below.

The primary reason for the decrease in unrestricted net position for the Proprietary funds was due to the effects of recording a net pension liability in the amount of \$125,376 in the current year. This was the direct result of the implementation of new pension accounting and financial reporting standards.

Electric Fund operating results experienced an increase in charges for services of \$4,393 or 1.5%, primarily from the effects of an increase in retail load as a result of warmer than normal temperature. Retail sales (residential, commercial, industrial, and other sales) represent 83.8% of total revenues. Retail sales, net of reserve/recovery were \$299,607 and \$295,214 for years ended June 30, 2015 and 2014, respectively. Operating expenses increased \$16,968 or 6.1%, which primarily relates to an increase in purchased power due to increased energy prices and distribution costs.

The Water Fund reported lower operating results, with retail sales exceeding the previous year's results. Retail sales (residential, commercial, industrial, and other sales) represent 94.4% of total revenues. Retail sales, net of reserve/recovery were \$56,983 and \$62,762

for the years ended June 30, 2015 and 2014, respectively. The decrease in retail sales was primarily due to a decrease in retail consumption as a result of consumer conservation efforts due to the State of California drought conditions.

Net position of the Sewer Fund increased by \$17,342 and \$10,993 for the years ended June 30, 2015 and 2014, respectively. Operating revenues increased by \$4,174 or 9% primarily as a result of annual rate increase coupled with a reduction in overall operating expenses.

### General Fund Budgetary Highlights

(Amounts presented in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Total Revenues	<u>\$194,554</u>	<u>\$213,554</u>	<u>\$213,352</u>	<u>(\$202)</u>
Expenditures:				
General Government	10,202	19,046	14,027	5,019
Public Safety	146,492	158,781	156,648	2,133
Highways & Streets	18,369	20,213	16,594	3,619
Culture & Recreation	35,134	39,419	37,405	2,014
Capital Outlay	168	10,286	4,899	5,387
Debt Service	17,290	48,230	48,006	224
Total Expenditures	<u>227,655</u>	<u>295,975</u>	<u>277,579</u>	<u>18,396</u>
Deficiency of Revenue Under Expenditures	(33,101)	(82,421)	(64,227)	18,194
Other Financing Sources	30,137	63,831	65,018	1,187
Net Change in Fund Balances	(2,964)	(18,590)	791	19,381
Beginning Fund Balance	78,860	78,860	78,860	-
Ending Fund Balance	<u>\$75,896</u>	<u>\$60,270</u>	<u>\$79,651</u>	<u>\$19,381</u>

Final budgeted revenues increased from the amount originally budgeted as a result of grant related programs. In addition, final budgeted expenditures increased from the amount originally budgeted as a result of grant related appropriations made during the year.

Actual amounts differed from the final fund budget as follows:

Actual expenditures were less than budgeted amounts by approximately \$18 million. This is primarily associated with unspent appropriations for grants, capital projects and other special programs that were not completed during the year (which are carried over to the next fiscal year).

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for governmental and business-type activities as of June 30, 2015 amounted to \$3,046,840 (net of accumulated depreciation). This investment includes land, intangibles, buildings and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's net investment in capital assets for the current fiscal year was \$100,678 (\$20,853 for governmental activities including internal service funds and \$79,825 for business-type activities).

Major capital improvements during the current fiscal year included: new infrastructure, consisting primarily of street improvements of \$51 million, \$53 million in Sewer capital improvements primarily related to the Sewer plant expansion project, \$42 million in Electric capital improvements primarily related to the Riverside Transmission Reliability Project (RTRP) and a CIS Utility Billing system, and \$31 million in Water capital improvements primarily related Linden Reservoir roof replacement and various other water main replacement projects.

Construction in progress totaled \$348,337 at June 30, 2015. Some of the major projects in process are various Sewer system improvements including continuing phase 1 of the Sewer plant expansion project, the (RTRP) and related reliability improvements to the Riverside Public Utility's 230 KV Transmission Substation and various Water main replacement programs. Depreciation expense during the fiscal year was \$45,386 for governmental activities and \$52,711 for business-type activities.

### City of Riverside's Capital Assets (net of depreciation)

(Amounts presented in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$339,755	\$333,799	\$51,187	\$51,115	\$390,942	\$384,914
Intangibles	198	-	35,262	21,964	35,460	21,964
Buildings	123,798	125,869	149,436	153,917	273,234	279,786
Improvements other than Buildings	209,870	220,184	1,088,239	1,072,578	1,298,109	1,292,762
Machinery and equipment	22,430	21,016	34,102	26,647	56,532	47,663
Infrastructure	649,742	625,181	-	-	644,226	625,181
Construction in progress	34,120	33,011	308,701	260,881	348,337	293,892
<b>Total</b>	<b>\$1,379,913</b>	<b>\$1,359,060</b>	<b>\$1,666,927</b>	<b>\$1,587,102</b>	<b>\$3,046,840</b>	<b>\$2,946,162</b>

Additional information on the City's capital assets can be found in note 5 on page 43-44 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$2,199,352 which includes bonded debt of \$1,590,008.

### City of Riverside's Long-Term Debt

(Amounts presented in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue Bonds	\$ -	\$ -	\$1,239,634	\$1,094,290	\$1,239,634	\$1,094,290
General Obligation Bonds	13,546	14,460	-	-	13,546	14,460
Pension Obligation Bonds	108,725	115,775	-	-	108,725	115,775
Certificates of Participation	187,212	191,446	-	-	187,212	191,446
Notes Payable	-	-	37,225	36,030	37,225	36,030
Loans Payable	45,574	47,611	-	-	45,574	47,611
Capital Leases	14,966	13,168	1,720	2,266	16,686	15,434
Lease Revenue Bonds	40,891	42,344	-	-	40,891	42,344
Landfill Capping	-	-	5,922	6,172	5,922	6,172
Arbitrage Liability	-	-	15	14	15	14
Compensated Absences	22,015	21,996	8,444	7,925	30,459	29,921
Judgment	3,334	6,667	-	-	3,334	6,667
Claims liability	38,795	35,167	-	-	38,795	35,167
Net OPEB Obligation	16,361	14,439	13,072	11,403	29,433	25,842
Pension liability	275,584	-	125,376	-	400,960	-
Water Acquisition Rights	-	-	941	941	941	941
<b>Total</b>	<u>\$767,003</u>	<u>\$503,073</u>	<u>\$1,432,349</u>	<u>\$1,159,041</u>	<u>\$2,199,352</u>	<u>\$1,662,114</u>

The City's total debt increased by \$537,238 or 32% during the current fiscal year. The net increase primarily resulted from the issuance of the 2014A Sewer Bonds and the recording of the City's Pension liability resulting from the implementation of new pension accounting standards.

The City's Water Utility maintains "AAA" and "AA+" ratings, from Standard & Poors and Fitch, respectively, for their revenue bonds, while the Electric Utility maintains "AA-" ratings from both rating agencies. The City's general obligation bond ratings are "AA-" and "AA," respectively.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total adjusted assessed valuation. The legal debt limit was \$670,013 at June 30, 2015, which applies only to general obligation debt. At June 30, 2015, the City had \$13,546 of general obligation debt, resulting in available legal debt capacity of \$656,467.

Additional information on the City's long-term debt can be found in note 6 beginning on page 44 of this report.

### **Economic Factors and Next Year's Budget and Rates**

- Unemployment in the City of Riverside is 6.5% as compared to 8.4% for the prior year.
- The required employer contribution rates as a percentage of payroll for the City's retirement program will be changing effective July 1, 2015 as follows:
  - Miscellaneous Plan – 18.944 to 21.012%.
  - Safety Plan – 29.041% to 31.549%.

At the time of budget preparation for fiscal year 2016, the economic outlook for the City was considered to be stable. The General Fund Budget for fiscal year 2016 of approximately \$256 million was adopted as balanced. It represents an increase from the prior year of approximately 4%, largely related to an increase in pension costs and new debt service related to the Fox Entertainment Plaza and several capital leases.

### **Request for information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 3900 Main Street City of Riverside, CA 92522.

**City of Riverside**  
**Statement of Net Position**  
**June 30, 2015**  
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 84,355	\$ 341,001	\$ 425,356
Receivables, net	109,170	56,509	165,679
Inventory	5,884	2,617	8,501
Prepaid items	663	25,024	25,687
Deposits	300	1,354	1,654
Internal balances	13,343	(13,343)	-
Restricted assets:			
Cash and cash equivalents	-	51,204	51,204
Cash and investments at fiscal agent	31,909	311,083	342,992
Other	-	4,054	4,054
Advances to Successor Agency Trust Fund	41,578	10,324	51,902
Land and improvements held for resale	4,841	-	4,841
Regulatory assets	-	19,225	19,225
Land and other capital assets not being depreciated	373,875	381,380	755,255
Capital assets (net of accumulated depreciation)	1,006,038	1,285,547	2,291,585
Total assets	<u>1,671,956</u>	<u>2,475,979</u>	<u>4,147,935</u>
<b>Deferred Outflows of Resources</b>			
Changes in derivative values	17,244	22,796	40,040
Charge on refunding	4,793	19,627	24,420
Pension contributions and differences in experience	44,314	20,161	64,475
Total deferred outflows of resources	<u>66,351</u>	<u>62,584</u>	<u>128,935</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	26,754	28,644	55,398
Accrued interest payable	3,347	11,693	15,040
Unearned revenue	5,543	1,289	6,832
Deposits	8,870	5,764	14,634
Derivative instruments	21,697	33,159	54,856
Decommissioning liability	-	73,287	73,287
Noncurrent liabilities:			
Due within one year	81,941	39,602	121,543
Due in more than one year	409,478	1,267,371	1,676,849
Net pension liability	275,584	125,376	400,960
Total liabilities	<u>833,214</u>	<u>1,586,185</u>	<u>2,419,399</u>
<b>Deferred Inflows of Resources</b>			
Regulatory charges	-	4,953	4,953
Net difference between projected and actual earnings on pension plan investments	79,414	36,130	115,544
Total deferred inflows of resources	<u>79,414</u>	<u>41,083</u>	<u>120,497</u>
<b>Net Position</b>			
Net investment in capital assets	1,126,220	626,166	1,752,386
Restricted for:			
Expendable:			
Capital projects	22,952	-	22,952
Debt service	-	52,348	52,348
Economic development	17,439	-	17,439
Landfill capping	-	650	650
Public works	17,798	-	17,798
Housing	46,033	-	46,033
Programs and regulatory requirements	-	22,662	22,662
Nonexpendable	1,625	-	1,625
Unrestricted	(406,388)	209,469	(196,919)
Total net position	<u>\$ 825,679</u>	<u>\$ 911,295</u>	<u>\$ 1,736,974</u>

The notes to basic financial statements are an integral part of this statement.

City of Riverside  
Statement of Activities  
For the fiscal year ended June 30, 2015  
(amounts expressed in thousands)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business type Activities	Total
Governmental activities:								
General government	\$ 26,587	\$ (15,915)	\$ 17,600	\$ 5,155	\$ 1,085	\$ 13,168		\$ 13,168
Public safety	154,123	8,121	7,256	4,876	242	(149,870)		(149,870)
Highways and streets	36,563	4,223	13,868	602	42,321	16,005		16,005
Culture and recreation	45,594	3,571	16,319	2,236	256	(30,354)		(30,354)
Interest on long-term debt	17,025	-	-	-	-	(17,025)		(17,025)
Total governmental activities	<u>279,892</u>	<u>-</u>	<u>55,043</u>	<u>12,869</u>	<u>43,904</u>	<u>(168,076)</u>		<u>(168,076)</u>
Business type activities:								
Electric	309,874		347,621	-	2,590	\$ 40,337		40,337
Water	62,792		66,051	-	4,017	7,276		7,276
Sewer	35,593		50,336	-	-	14,743		14,743
Refuse	20,007		21,360	-	-	1,353		1,353
Airport	1,809		1,260	-	-	(549)		(549)
Transportation	4,385		385	3,869	1,420	1,289		1,289
Public parking	5,604		4,609	-	-	(995)		(995)
Total business type activities	<u>440,064</u>		<u>491,622</u>	<u>3,869</u>	<u>8,027</u>	<u>63,454</u>		<u>63,454</u>
Total	<u>\$ 719,956</u>		<u>\$ 546,665</u>	<u>\$ 16,738</u>	<u>\$ 51,931</u>	<u>\$ (168,076)</u>	<u>\$ 63,454</u>	<u>\$ (104,622)</u>

General revenues:

Taxes:

Sales	59,437	-	59,437
Property	54,864	-	54,864
Utility users	28,076	-	28,076
Franchise	5,543	-	5,543
Transient occupancy tax	5,280	-	5,280
Intergovernmental, unrestricted	3,153	-	3,153
Investment income	3,233	5,319	8,552
Miscellaneous	12,395	7,652	20,047
Subtotal	171,981	12,971	184,952
Transfers, net	42,681	(42,681)	-
Total general revenues and transfers	214,662	(29,710)	184,952
Change in net position	46,586	33,744	80,330

Net position - beginning, as previously reported

Prior period adjustment (Note 18)	(421,829)	(167,498)	(589,327)
Net position - beginning, as restated	779,093	877,551	1,656,644
Net position - ending	<u>\$ 825,679</u>	<u>\$ 911,295</u>	<u>\$ 1,736,974</u>

The notes to basic financial statements are an integral part of this statement.

City of Riverside  
Balance Sheet  
Governmental Funds  
June 30, 2015  
(amounts expressed in thousands)

<b>Assets</b>	<b>General Fund</b>	<b>Capital Outlay</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and investments	\$ 46,747	\$ -	\$ 31,524	\$ 78,271
Cash and investments at fiscal agent	4,563	16,262	11,084	31,909
Receivables (net of allowance for uncollectibles)				
Interest	30	76	106	212
Property taxes	3,874	-	-	3,874
Sales tax	14,178	-	-	14,178
Utility billed	1,226	-	-	1,226
Accounts	7,607	-	219	7,826
Intergovernmental	3,202	34,784	6,550	44,536
Notes	-	-	36,594	36,594
Prepaid items	659	-	4	663
Deposits	300	-	-	300
Due from other funds	6,934	-	-	6,934
Advances to other funds	22,064	-	-	22,064
Advances to Successor Agency Trust Fund	619	-	35,277	35,896
Land & improvements held for resale	675	-	4,166	4,841
Total assets	<u>\$ 112,678</u>	<u>\$ 51,122</u>	<u>\$ 125,524</u>	<u>\$ 289,324</u>
<b>Liabilities</b>				
Accounts payable	\$ 8,328	\$ 2,631	\$ 1,296	\$ 12,255
Accrued payroll	11,697	-	38	11,735
Retainage payable	7	333	1,072	1,412
Intergovernmental	147	-	-	147
Unearned revenue	227	5,316	-	5,543
Deposits	8,867	-	3	8,870
Due to other funds	-	6,024	317	6,341
Advances from other funds	72	-	11,386	11,458
Total liabilities	<u>29,345</u>	<u>14,304</u>	<u>14,112</u>	<u>57,761</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	3,682	18,205	38,001	59,888
Total deferred inflows of resources	<u>3,682</u>	<u>18,205</u>	<u>38,001</u>	<u>59,888</u>
<b>Fund Balances</b>				
Nonspendable:				
Inventories, prepaids and deposits	959	-	-	959
Advances	22,683	-	35,277	57,960
Permanent fund principal	-	-	1,625	1,625
Restricted for:				
Housing and redevelopment	675	-	8,999	9,674
Debt service	1,845	-	7,450	9,295
Transportation and public works	-	18,613	17,734	36,347
Other purposes	465	-	4,613	5,078
Assigned to:				
General government	1,241	-	-	1,241
Public safety	2,674	-	-	2,674
Highways and streets	410	-	-	410
Culture and recreation	966	-	-	966
Continuing projects	8,674	-	-	8,674
Unassigned	39,059	-	(2,287)	36,772
Total fund balances	<u>79,651</u>	<u>18,613</u>	<u>73,411</u>	<u>171,675</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 112,678</u>	<u>\$ 51,122</u>	<u>\$ 125,524</u>	<u>\$ 289,324</u>

The notes to basic financial statements are an integral part of this statement.



**CITY OF RIVERSIDE  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2015  
(amounts expressed in thousands)**

Total fund balances - governmental funds \$171,675

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets net of accumulated depreciation used in governmental activities that are not current financial resources and, therefore, are not reported in the funds. 1,372,105

Deferred refunding charges are not available resources and, therefore, are not reported in the funds. 4,793

Deferred amounts on pensions related to contributions after the measurement date 43,426  
Deferred amounts on pensions related to the net difference between projected and actual earnings on pension plan investments (77,824)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 59,888

Accrued interest payable for the current portion of interest due on various debt issues has not been reported in the governmental funds. (3,347)

Long-term liabilities, as listed below, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	\$	(160,735)	
Certificates of participation payable		(186,370)	
Capital leases payable		(14,966)	
Loan payable		(45,574)	
Bond premiums		(3,269)	
Net OPEB obligation		(15,597)	
Net pension liability		(270,065)	
Compensated absences		(21,569)	
Judgment payable		(3,334)	
		(721,479)	(721,479)

The City uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. The following related items have been reflected in the Statement of Net Position.

Net fair value of interest rate swaps	\$	(21,697)	
Deferred amount related to the hedgeable portion of the derivative instrument		17,244	
		(4,453)	(4,453)

Internal service funds are used by management to charge the costs of insurance, centralized purchasing and fleet management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. (19,105)

Net position of governmental activities \$825,679

The notes to basic financial statements are an integral part of this statement.

**City of Riverside**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2015**  
**(amounts expressed in thousands)**

	<u>General Fund</u>	<u>Capital Outlay</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 153,200	\$ -	\$ -	\$ 153,200
Licenses and permits	8,490	10	2,668	11,168
Intergovernmental	10,454	18,913	20,525	49,892
Charges for services	24,737	-	-	24,737
Fines and forfeitures	3,957	-	-	3,957
Special assessments	4,480	303	1,974	6,757
Rental and investment income	2,854	291	1,967	5,112
Miscellaneous	5,180	112	1,647	6,939
Total revenues	<u>213,352</u>	<u>19,629</u>	<u>28,781</u>	<u>261,762</u>
<b>Expenditures</b>				
Current:				
General government	14,027	-	3,772	17,799
Public safety	156,648	-	1,012	157,660
Highways and streets	16,594	-	-	16,594
Culture and recreation	37,405	-	122	37,527
Capital outlay	4,899	36,672	18,489	60,060
Debt service:				
Principal	41,894	-	7,207	49,101
Interest	5,940	-	11,108	17,048
Bond issuance costs	172	-	-	172
Total expenditures	<u>277,579</u>	<u>36,672</u>	<u>41,710</u>	<u>355,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(64,227)</u>	<u>(17,043)</u>	<u>(12,929)</u>	<u>(94,199)</u>
<b>Other financing sources (uses)</b>				
Transfers in	45,410	-	16,100	61,510
Transfers out	(16,024)	(1,711)	(1,094)	(18,829)
Issuance of long term debt	30,940	-	-	30,940
Capital lease financings	4,450	-	-	4,450
Gain (loss) on retirement of capital assets	242	-	(356)	(114)
Total other financing sources and uses	<u>65,018</u>	<u>(1,711)</u>	<u>14,650</u>	<u>77,957</u>
Net change in fund balances	791	(18,754)	1,721	(16,242)
Fund balances - beginning	78,860	37,367	71,690	187,917
Fund balances - ending	<u>\$ 79,651</u>	<u>\$ 18,613</u>	<u>\$ 73,411</u>	<u>\$ 171,675</u>

The notes to basic financial statements are an integral part of this statement.

**CITY OF RIVERSIDE  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**For the year ended June 30, 2015  
(amounts expressed in thousands)**

Net change in fund balances-total governmental funds (\$16,242)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, as listed below:

Capital asset additions	\$ 60,129	
Depreciation expense	<u>(44,506)</u>	15,623

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.	3,775
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Revenues in the statement of activities that do not meet the "availability" criteria for revenue recognition and therefore are not reported as revenue in the funds.	15,589
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The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds immediately report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is listed below:

Principal repayments	\$ 49,101	
Net pension liability	9,763	
Judgment payments	3,333	
Net OPEB obligation	(1,830)	
Compensated absences	(132)	
Interest	296	
Issuance of long-term debt	<u>(35,390)</u>	25,141

Internal service funds are used by management to charge the costs of insurance, centralized purchasing and fleet management to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	<u>2,700</u>
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Change in net position of governmental activities	<u><u>\$ 46,586</u></u>
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The notes to basic financial statements are an integral part of this statement.

City of Riverside  
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
General Fund  
For the year ended June 30, 2015  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget		Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final				Original	Final		
<b>Revenues</b>									
Taxes	\$ 148,744	\$ 148,744	\$ 153,200	\$ 4,456	Public safety:				
Licenses and permits	8,421	8,421	8,490	69	Police	88,370	97,204	95,916	1,288
Intergovernmental	1,418	13,886	10,454	(3,432)	Fire	48,309	51,757	51,146	611
Charges for services	17,575	21,953	24,737	2,784	Animal regulation	3,395	3,395	3,179	216
Fines and forfeitures	5,006	5,006	3,957	(1,049)	Building and zoning inspection	1,893	1,896	1,920	(24)
Special assessments	4,570	4,570	4,480	(90)	Street lighting	4,525	4,529	4,487	42
Rental and investment income	3,170	3,170	2,854	(316)	Total public safety	146,492	158,781	156,648	2,133
Miscellaneous	5,650	7,804	5,180	(2,624)	Highways and streets	18,369	20,213	16,594	3,619
Total revenues	194,554	213,554	213,352	(202)	Culture and recreation				
					Library	7,262	8,111	7,561	550
					Museum & cultural affairs	11,412	11,753	12,331	(578)
					Parks, recreation & community services	16,460	19,555	17,513	2,042
					Total culture and recreation	35,134	39,419	37,405	2,014
					Capital outlay	168	10,286	4,899	5,387
<b>Expenditures</b>					Debt service:				
General government:					Principal	11,057	41,997	41,894	103
Mayor	940	1,003	966	37	Interest	6,233	6,061	5,940	121
Council	1,450	1,451	1,354	97	Bond issuance costs	-	172	172	-
Manager	7,272	11,655	12,122	(467)	Total debt service	17,290	48,230	48,006	224
Attorney	5,370	5,832	5,249	583	Total expenditures	227,655	295,975	277,579	18,396
Clerk	1,161	1,236	1,268	(32)	Deficiency of revenue under expenditures	(33,101)	(82,421)	(64,227)	18,194
Community development	11,387	12,315	11,286	1,029	<b>Other financing sources (uses)</b>				
Human resources	3,357	3,534	3,113	421	Transfers in	45,413	45,410	45,410	-
General services	12,323	13,813	12,396	1,417	Transfers out	(15,366)	(17,059)	(16,024)	1,035
Finance	12,661	12,810	12,378	432	Issuance of long term debt	-	30,940	30,940	-
Innovation & technology	11,693	12,809	11,185	1,624	Capital lease proceeds	-	4,450	4,450	-
Subtotal	67,614	76,458	71,317	5,141	Sale of capital assets	90	90	242	152
Allocated expenditures	(57,412)	(57,412)	(57,290)	(122)	Total other financing sources	30,137	63,831	65,018	1,187
Total general government	10,202	19,046	14,027	5,019	Net change in fund balance	(2,964)	(18,590)	791	19,381
				continued	Fund balance, beginning	78,860	78,860	78,860	-
					Fund balance, ending	\$ 75,896	\$ 60,270	\$ 79,651	\$ 19,381

The notes to basic financial statements are an integral part of this statement.

City of Riverside  
Statement of Net Position  
Proprietary Funds  
June 30, 2015  
(amounts expressed in thousands)

Business-type Activities - Enterprise Funds

Assets	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Current assets:						
Cash and investments	\$ 227,425	\$ 83,864	\$ 23,698	\$ 6,014	\$ 341,001	\$ 6,084
Receivables (net allowances for uncollectibles)						
Interest	885	311	50	26	1,272	28
Utility billed	15,434	3,312	2,875	1,127	22,748	-
Utility unbilled	15,050	2,696	1,940	719	20,405	-
Accounts	3,937	1,055	401	1,210	6,603	256
Intergovernmental	2	1,269	698	179	2,148	440
Other	-	3,333	-	-	3,333	-
Inventory	1,202	-	1,415	-	2,617	5,884
Prepaid items	19,973	2	2	-	19,977	-
Deposits	1,354	-	-	-	1,354	-
Due from other funds	610	261	-	-	871	-
Restricted assets:						
Cash and cash equivalents:						
Rate stabilization cash and cash equivalents	-	-	7,785	-	7,785	-
Other restricted cash and cash equivalents	36,706	6,063	-	650	43,419	-
Public benefit programs receivable	1,012	3,042	-	-	4,054	-
Total current assets	323,590	105,208	38,864	9,925	477,587	12,692
Non-current assets:						
Restricted assets:						
Cash and investments at fiscal agent	144,686	-	166,397	-	311,083	-
Regulatory assets	10,822	580	1,730	6,093	19,225	-
Prepaid items - non-current	5,047	-	-	-	5,047	-
Advances to other funds	-	-	6,977	-	6,977	5,677
Advances to Successor Agency Trust Fund	5,850	-	4,474	-	10,324	5,682
Capital assets:						
Land	8,786	20,484	2,737	19,180	51,187	458
Intangible assets, non-depreciable	10,651	10,841	-	-	21,492	-
Intangible assets, depreciable	13,864	385	119	-	14,368	201
Accumulated depreciation - intangible assets, depreciable	(302)	(278)	(18)	-	(598)	(3)
Buildings	23,828	18,358	192,768	35,903	270,857	4,065
Accumulated depreciation - buildings	(6,946)	(5,435)	(102,624)	(6,416)	(121,421)	(357)
Improvements other than buildings	876,641	573,656	103,175	28,258	1,581,730	1,308
Accumulated depreciation - improvements other than buildings	(291,459)	(174,143)	(18,624)	(9,265)	(493,491)	(169)
Machinery and equipment	38,934	13,218	13,807	22,348	88,307	10,277
Accumulated depreciation - machinery and equipment	(20,192)	(11,757)	(7,398)	(14,858)	(54,205)	(7,972)
Construction in progress	48,604	12,028	247,727	342	308,701	-
Total non-current assets	868,814	457,937	611,247	81,585	2,019,583	19,167
Total assets	1,192,404	563,145	650,111	91,510	2,497,170	31,859
<b>Deferred Outflows of Resources</b>						
Changes in derivative values	18,788	4,008	-	-	22,796	-
Charge on refunding	11,937	7,690	-	-	19,627	-
Pension contributions and differences in experience	11,541	4,186	2,716	1,718	20,161	887
Total deferred outflows of resources	42,266	15,884	2,716	1,718	62,584	887

Continued

City of Riverside  
Statement of Net Position  
Proprietary Funds  
June 30, 2015  
(amounts expressed in thousands)

Business-type Activities - Enterprise Funds

Liabilities	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Current liabilities:						
Accounts payable	8,089	3,117	154	936	12,296	1,073
Accrued payroll	1,627	536	320	261	2,744	132
Retainage payable	241	113	-	14	368	-
Unearned revenue	468	4	3	814	1,289	-
Deposits	4,512	445	-	807	5,764	-
Due to other funds	-	-	-	593	593	871
Capital leases - current	507	-	-	-	507	-
Water stock acquisitions - current	-	150	-	-	150	-
Notes payable - current	-	843	745	940	2,528	-
Landfill capping - current	-	-	-	200	200	-
Claims and judgments - current	-	-	-	-	-	12,928
Compensated absences - current	4,379	1,479	1,062	552	7,472	278
Current liabilities payable from restricted assets:						
Revenue bonds	15,825	5,260	7,660	-	28,745	-
Decommissioning liability	5,714	-	-	-	5,714	-
Accrued interest	5,623	1,751	4,319	-	11,693	-
Accounts payable	9,414	530	3,292	-	13,236	-
Total current liabilities	56,399	14,228	17,555	5,117	93,299	15,282
Non-current liabilities:						
Revenue bonds	576,066	196,419	438,404	-	1,210,889	-
Notes payable	-	11,470	2,980	20,247	34,697	-
Capital leases	1,213	-	-	-	1,213	-
Advances from other funds	10,719	4,612	2,950	2,317	20,598	2,662
Decommissioning liability	67,573	-	-	-	67,573	-
Derivative instruments	24,298	8,861	-	-	33,159	-
Claims and judgments	-	-	-	-	-	25,867
Water stock acquisitions	-	791	-	-	791	-
Landfill capping	-	-	-	5,722	5,722	-
Compensated absences	578	309	55	30	972	168
OPEB obligation	6,617	2,787	1,982	1,686	13,072	764
Net pension liability	71,773	26,032	16,889	10,682	125,376	5,518
Other payables	15	-	-	-	15	-
Total non-current liabilities	758,852	251,281	463,260	40,684	1,514,077	34,979
Total liabilities	815,251	265,509	480,815	45,801	1,607,376	50,261
<b>Deferred Inflows of Resources</b>						
Regulatory charges	-	3,333	1,620	-	4,953	-
Net difference between projected and actual earnings on pension plan investments	20,683	7,501	4,867	3,079	36,130	1,590
Total deferred inflows of resources	20,683	10,834	6,487	3,079	41,083	1,590
<b>Net Position</b>						
Net investment in capital assets	190,271	252,615	128,135	55,145	626,166	7,808
Restricted for debt service	18,358	6,063	27,927	-	52,348	-
Restricted for landfill capping	-	-	-	650	650	-
Restricted for programs and regulatory requirements	18,987	2,484	1,191	-	22,662	-
Unrestricted	171,120	41,524	8,272	(11,447)	209,469	(26,913)
Total net position	\$ 398,736	\$ 302,686	\$ 165,525	\$ 44,348	\$ 911,295	\$ (19,105)

The notes to basic financial statements are an integral part of this statement.

City of Riverside  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the fiscal year ended June 30, 2015  
(amounts expressed in thousands)

**Business-type Activities - Enterprise Funds**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities-Internal Service Funds</u>
Operating revenues:						
Charges for services	\$ 347,621	\$ 66,051	\$ 50,336	\$ 27,614	\$ 491,622	\$ 23,705
Operating expenses:						
Personnel services	38,628	11,958	8,806	8,310	67,702	3,927
Contractual services	5,904	2,424	1,878	5,763	15,969	325
Maintenance and operation	198,670	10,308	7,505	7,301	223,784	2,135
General	10,848	15,370	5,065	4,119	35,402	1,317
Materials and supplies	852	876	3,498	1,324	6,550	72
Claims/Insurance	969	418	386	204	1,977	13,004
Depreciation and amortization	29,328	13,088	6,856	3,849	53,121	880
Total operating expenses	285,199	54,442	33,994	30,870	404,505	21,660
Operating income (loss)	62,422	11,609	16,342	(3,256)	87,117	2,045
Non-operating revenues (expenses):						
Operating grants	-	-	-	3,869	3,869	-
Interest income	3,821	750	684	65	5,320	165
Other	3,670	830	71	1,068	5,639	-
Gain (loss) on retirement of capital assets	343	79	(19)	(22)	381	(24)
Capital improvement fees	-	-	1,843	-	1,843	-
Interest expense and fiscal charges	(24,949)	(8,350)	(1,579)	(893)	(35,771)	(86)
Total non-operating revenues (expenses)	(17,115)	(6,691)	1,000	4,087	(18,719)	55
Income (loss) before capital contributions and transfers	45,307	4,918	17,342	831	68,398	2,100
Cash capital contributions	2,139	2,853	-	1,420	6,412	600
Noncash capital contributions	451	1,164	-	-	1,615	-
Transfers in	-	3,333	-	-	3,333	-
Transfers out	(38,178)	(7,098)	-	(738)	(46,014)	-
Change in net position	9,719	5,170	17,342	1,513	33,744	2,700
Net position - beginning, as previously reported	483,975	332,730	170,983	57,361	1,045,049	(14,002)
Prior period adjustment	(94,958)	(35,214)	(22,800)	(14,526)	(167,498)	(7,803)
Net position - beginning, as restated	389,017	297,516	148,183	42,835	877,551	(21,805)
Net position - ending	\$ 398,736	\$ 302,686	\$ 165,525	\$ 44,348	\$ 911,295	\$ (19,105)

The notes to basic financial statements are an integral part of this statement.

City of Riverside  
Proprietary Funds  
Statement of Cash Flows  
For the fiscal year ended June 30, 2015  
(amounts expressed in thousands)

	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:						
Cash received from customers and users	\$ 349,091	\$ 63,708	\$ 49,659	\$ 27,445	\$ 489,903	\$ 23,115
Cash paid to employees for services	(51,518)	(18,639)	(9,215)	(8,460)	(87,832)	(486)
Cash paid to other suppliers of goods or services	(195,652)	(24,356)	(23,379)	(20,077)	(263,464)	(17,724)
Other receipts	4,033	832	(1,100)	1,474	5,239	-
Net cash (used) provided by operating activities	105,954	21,545	15,965	382	143,846	4,905
Cash flows from noncapital financing activities:						
Transfers in	-	3,333	-	-	3,333	-
Transfers out	(38,178)	(7,098)	-	(738)	(46,014)	-
Operating grants	-	-	-	3,869	3,869	-
Receipts on interfund advances	303	131	268	460	1,162	64
Outflows on interfund advances	(565)	(243)	(156)	(222)	(1,186)	(404)
Advances to other funds	-	-	-	-	-	-
Net cash (used) provided by noncapital financing activities	(38,440)	(3,877)	112	3,369	(38,836)	(340)
Cash flows from capital and related financing activities:						
Proceeds from the sale of revenue bonds, including premium	-	-	-	-	-	-
Deposit to escrow account for advance refunding	-	-	-	-	-	-
Issuance costs	-	-	-	-	-	-
Purchase of capital assets	(37,987)	(23,288)	(60,687)	(3,954)	(125,916)	(2,335)
Proceeds from the sale of capital assets	343	148	(19)	-	472	(24)
Proceeds from long-term obligations	-	-	200,030	-	200,030	-
Principal paid on long-term obligations	(15,632)	(5,017)	(57,354)	(905)	(78,908)	-
Interest paid on long-term obligations	(27,101)	(8,685)	(1,699)	(893)	(38,378)	(86)
Capital improvement fees	-	-	1,843	-	1,843	-
Capital contributions	2,509	3,132	-	1,420	7,061	600
Bond issuance costs	-	-	23,572	-	23,572	-
Net cash (used) for capital and related financing activities	(77,868)	(33,710)	105,686	(4,332)	(10,224)	(1,845)
Cash flows from investing activities:						
Purchase of investments	2,808	-	3	14	2,825	16
Income from investments	4,015	867	684	65	5,631	165
Net cash (used) provided by investing activities	6,823	867	687	79	8,456	181
Net change in cash and cash equivalents	(3,531)	(15,175)	122,450	(502)	103,242	2,901
Cash and cash equivalents, beginning (including \$110,127 for Electric, \$18,921 for Water, \$56,636 for Sewer and \$901 for Other Enterprise Funds in restricted accounts.)						
	321,056	105,102	75,430	7,166	508,754	3,183
Cash and cash equivalents, ending (including \$90,101 for Electric, \$6,063 for Water, \$174,182 for Sewer and \$650 for Other Enterprise Funds in restricted accounts.)						
	\$ 317,525	\$ 89,927	\$ 197,880	\$ 6,664	\$ 611,996	\$ 6,084

Continued



City of Riverside  
Proprietary Funds  
Statement of Cash Flows  
For the fiscal year ended June 30, 2015  
(amounts expressed in thousands)

	Continued					
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Reconciliation of operating income (loss) to net cash (used) provided by operating activities:						
Operating Income (loss)	\$ 62,422	\$ 11,609	\$ 16,342	\$ (3,256)	\$ 87,117	\$ 2,045
Other receipts	4,033	832	71	1,068	6,004	-
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	29,328	13,088	6,856	3,443	52,715	880
Changes in assets, liabilities and deferred inflows/outflows of resources:						
Utility billed receivable	2,200	1,164	(200)	(86)	3,078	-
Utility unbilled receivable	(319)	651	(218)	4	118	-
Accounts receivable	(450)	(2,640)	(267)	7	(3,350)	(202)
Intergovernmental receivable	383	(1,028)	8	(94)	(731)	(388)
Inventory	-	-	(87)	-	(87)	(65)
Prepaid and deposit items	(32)	7	13	-	(12)	-
Regulatory assets	6,106	-	(702)	406	5,810	-
Accounts payable	4,896	(1,512)	(4,976)	(96)	(1,688)	(735)
Accrued payroll	335	-	15	65	415	32
Retainage payable	-	-	-	(6)	(6)	(71)
Other payables	521	805	188	(1,242)	272	(21)
Deposits payable	667	(490)	-	807	984	-
Landfill capping	-	-	-	(250)	(250)	-
Claims and judgments	-	-	-	-	-	3,628
Decommissioning liability	(2,012)	-	-	-	(2,012)	-
Net pension liability and related changes in deferred outflows and inflows of resources	(2,593)	(941)	(609)	(388)	(4,531)	(198)
Deferred regulatory charges	469	-	(469)	-	-	-
Net cash (used) provided by operating activities	<u>\$ 105,954</u>	<u>\$ 21,545</u>	<u>\$ 15,965</u>	<u>\$ 382</u>	<u>\$ 143,846</u>	<u>\$ 4,905</u>
Schedule of noncash financing and investing activities:						
Capital Contributions - capital assets	\$ 451	\$ 1,164	\$ -	\$ -	\$ 1,615	\$ -
Increase in fair value of investments	(1,067)	-	-	-	(1,067)	-
Land purchase with note payable	-	2,980	-	-	2,980	-

The notes to basic financial statements are an integral part of this statement.

**City of Riverside**  
**Statement of Net Position/(Deficit)**  
**Fiduciary Funds**  
**June 30, 2015**  
**(amounts expressed in thousands)**

	<b>Successor Agency Private-Purpose Trust Fund</b>	<b>Agency Fund</b>
<b>Assets</b>		
Cash and investments	\$ 28,552	\$ 2,935
Cash and investments at fiscal agent	13,593	3,633
Receivables:		
Interest	79	9
Accounts	51	-
Notes	21,738	-
Direct financing lease receivable	19,340	-
Deposits	2	-
Property tax receivables	-	47
Land & improvements held for resale	14,252	-
Capital assets:		
Land	185	-
Equipment	6	-
Accumulated depreciation - equipment	(6)	-
Total assets	<u>97,792</u>	<u>6,624</u>
<b>Liabilities</b>		
Accounts payable	955	-
Retainage payable	16	-
Accrued interest	4,222	-
Advances from other funds	51,902	-
Bonds payable	235,559	-
Notes payable	4,902	-
Held for bond holders	-	6,624
Total liabilities	<u>297,556</u>	<u>6,624</u>
<b>Deferred Inflows of Resources</b>		
Deferred charge on refunding	1,494	-
Total deferred inflows of resources	<u>1,494</u>	<u>-</u>
<b>Net Position/(Deficit)</b>		
Held by Successor Agency	(201,258)	-
Total net position/(deficit)	<u>\$ (201,258)</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement

**City of Riverside**  
**Statement of Changes in Net Position/(Deficit)**  
**Fiduciary Fund - Private-Purpose Trust Fund**  
**For the fiscal year ended June 30, 2015**  
**(amounts expressed in thousands)**

	<b>Successor Agency Private-Purpose Trust Fund</b>
<b>Additions</b>	
Property tax revenue	\$ 24,143
Rental and investment income	857
Miscellaneous	390
Total additions	<u>25,390</u>
<b>Deductions</b>	
Professional services and other deductions	3,317
Redevelopment projects	5,034
Interest expense	12,693
Total deductions	<u>21,044</u>
<b>Change in Net Position/(Deficit)</b>	4,346
Net position/(deficit) - beginning	(205,604)
Net position/(deficit) - ending	<u><u>\$ (201,258)</u></u>

The notes to the financial statements are an integral part of this statement

1. Summary of Significant Accounting Policies

The City of Riverside (City) was incorporated on October 11, 1883 as a Charter City and operates under a Council-Manager form of Government. The more significant accounting policies reflected in the financial statements are summarized as follows:

A. Reporting Entity

These financial statements present the City and its component units, entities for which the City is financially accountable. Blended component units are legally separate entities, but in substance are part of the City's operations and their data is combined with that of the City's. The City has no component units that meet the criteria for discrete presentation. All of the City's component units have a June 30 year end.

Blended Component Units

Riverside Housing Authority (Housing Authority) was established in 2006 by the City. The Housing Authority's primary purpose is to provide safe and sanitary housing accommodations for persons with low or moderate income. The Housing Authority's activity has been combined with that of the primary government because City Council members serve as the Housing Authority's commissioners and because the City is financially accountable and operationally responsible for all matters.

Riverside Public Financing Authority (Public Financing Authority) was organized in December 1987 by the City and the Redevelopment Agency. Pursuant to Assembly Bill 1X 26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies were dissolved effective February 1, 2012. Subsequently, the City became the Successor Agency to the Redevelopment Agency. The Parking Authority of the City of Riverside was added as an additional member of the Public Financing Authority on August 14, 2012. The Public Financing Authority's activity has been combined with that of the primary government because City Council members serve as the Public Financing Authority's board members and because the Public Financing Authority exclusively provides financing assistance to the primary government. The City is also financially accountable and operationally responsible for all matters.

Riverside Municipal Improvements Corporation (Municipal Improvements Corporation) was created in 1978 and operates under provisions of the Nonprofit Public Benefit Corporation Law of the State of California. The Municipal Improvements Corporation's primary purpose is to provide

financing assistance by obtaining land, property and equipment on behalf of the City. The activity of the Municipal Improvements Corporation has been combined with that of the primary government because three members of the City Council serve as the Municipal Improvements Corporation's directors and because the Municipal Improvements Corporation exists to serve exclusively the primary government. The City is financially accountable and operationally responsible for all matters.

Fiduciary Component Unit

Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) is a separate legal entity, which was formed to hold the assets and liabilities of the former Redevelopment Agency pursuant to City Council actions taken on March 15, 2011 and January 10, 2012. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City of Riverside as Successor Agency of the former Redevelopment Agency. The nature and significance of the relationship between the City and the Successor Agency is such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is presented herein in the City's fiduciary funds as a private-purpose trust fund.

Complete financial statements are prepared for the Riverside Public Financing Authority and the Successor Agency to the Redevelopment Agency of the City of Riverside, which can be obtained from the City's Finance Department, 3900 Main Street, Riverside, California, 92522 or online at [www.riversideca.gov](http://www.riversideca.gov).

B. Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities of the City and its component units. Interfund activity has been removed from these statements except for utility charges, as this would distort the presentation of function costs and program revenues. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Indirect expenses are allocated to the various functions based on a proportionate utilization of the services rendered. Such allocations consist of charges for accounting, human resources, information technology and other similar support services.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide, proprietary and private-purpose trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds report only assets and liabilities and therefore have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied on the property. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. An allowance for doubtful accounts is maintained for the utility and other miscellaneous receivables.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered to be available if they are generally collected within 60 days after year end, except for revenue associated with neglected property abatement which is eleven (11) months and except for grant revenue, including reimbursement received from

Transportation Uniform Mitigation Fees, which is six (6) months and sales tax revenue which is seven (7) months, as described below. Grant revenue is recognized if received within six (6) months of year end to enable the matching of revenue with applicable expenditures. Expenditures generally are recorded when a liability is incurred under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In 2004, the State temporarily began to exchange 25% of sales taxes for an equal amount of property taxes to securitize a short-term State bond issue. The State bond issue will remain outstanding for an uncertain number of years, but the bonds are currently estimated to retire in 2016. These in-lieu sales taxes will be paid to the City by the State on a different calendar than sales taxes, which are paid monthly, three months in arrears. The vast majority of the in-lieu amount will be paid during the applicable fiscal year; however, the final payment of the in-lieu sales taxes will not be paid until the January following the end of the applicable fiscal year. Since 2004, the final "true-up" payment has been reported in the fiscal year that the revenue was earned and thus provides consistency in the reporting of sales tax revenue.

Property taxes, special assessments, sales taxes, franchise taxes, licenses, charges for services, amounts due from other governments and interest associated with the current fiscal period are all considered to be susceptible to accrual. Other revenue items such as fines and permits are considered to be measurable and available only when the government receives cash, and are therefore not susceptible to accrual.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Outlay fund accounts for the construction and installation of street and highway capital improvements for the City, including improvements funded by the ½ % sales tax approved by Riverside County in 1988.

The government reports the following major proprietary funds:

The Electric fund accounts for the activities of the City's electric distribution operations.

The Water fund accounts for the activities of the City's water distribution operations.

The Sewer fund accounts for the activities of the City's sewer systems.

Additionally, the government reports the following fund types:

Internal service funds account for self-insurance, central stores and central garage on a cost reimbursement basis.

Fiduciary funds include private-purpose trust and agency funds. The private-purpose trust fund accounts for assets and activities of the dissolved Redevelopment Agency, which is accounted for in the Successor Agency Trust. The agency fund is used to account for special assessments that service no-commitment debt.

The permanent fund is a governmental fund that is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's Library programs. Non-expendable net position on the Statement of Net Position includes \$1 million of permanent fund principal which are considered nonexpendable.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The sewer fund also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital

assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### D. Cash and Investments

The City values its cash and investments in accordance with the provisions of Government Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools (GASB 31)," which requires governmental entities to report certain investments at fair value in the statement of net position/balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. Fair value is determined using published market prices.

Cash accounts of all funds are pooled for investment purposes to enhance safety and liquidity while maximizing interest earnings. Investments are stated at fair value except for investments in investment contracts which are recorded at contract value. All highly liquid investments (including restricted assets) with a maturity of 90 days or less when purchased are considered cash equivalents. Cash and investments held on behalf of proprietary funds by the City Treasurer are considered highly liquid and are classified as cash equivalents for the purpose of presentation in the Statement of Cash Flows.

#### E. Restricted Cash and Investments

Certain proceeds of long-term indebtedness, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Restricted cash and investments also include cash set aside for nuclear decommissioning, public benefit programs, regulatory requirements and rate stabilization because their use is legally restricted to a specific purpose. Unspent proceeds received from the City's landfill capping surcharge are also recorded as restricted assets.

#### F. Land and Improvements Held for Resale

Land and improvements held for resale were generally acquired for future development projects. The properties are carried at the lower of cost or net realizable value.

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2015**

(amounts expressed in thousands)

G. Inventory

Supplies are valued at cost using the average-cost method. Costs are charged to user departments when consumed rather than when purchased.

H. Prepaid Items

Payments to vendors for services benefiting future periods are recorded as prepaid items and expenditures are recognized when items are consumed.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, right of way, and similar items), are reported in the applicable governmental activities and business-type activities of the government-wide financial statements and in the proprietary funds and the fiduciary private-purpose trust fund statements of net position. The government defines capital assets as assets with an initial, individual cost of more than five thousand dollars and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs include: labor; materials; interest during construction; allocated indirect charges such as engineering, construction and transportation equipment, retirement plan contributions and other fringe benefits. Donated capital assets are recorded at estimated fair market value at the date of donation. Intangible assets that cost more than one hundred thousand dollars with useful lives of at least three years are capitalized and are recorded at cost.

Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed for proprietary funds. For the year ended June 30, 2015, business-type activities capitalized net interest costs of \$11,446 in the government-wide and fund financial statements. Total interest expense incurred by the business-type activities (and the enterprise funds on the proprietary funds statements) before capitalization was \$51,355.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets other than land are depreciated using the straight-line method. Estimated useful lives used to compute depreciation are as follows:

Buildings and Improvements	30-50 years
Improvements other than Buildings	20-99 years
Intangibles - Depreciable	3-15 years
Machinery and Equipment	3-15 years
Infrastructure	20-100 years

J. Compensated Absences

City employees receive 10 to 25 vacation days a year based upon length of service. A maximum of two years' vacation accrual may be accumulated and unused vacation is paid in cash upon separation.

City employees generally receive one day of sick leave for each month of employment with unlimited accumulation. Upon retirement or death, certain employees or their estates receive a percentage of unused sick leave paid in a lump sum based on longevity. The General, Electric and Water funds have been primarily used to liquidate such balances.

The liability associated with these benefits is reported in the government-wide statements. Vacation and sick leave of proprietary funds is recorded as an expense and as a liability of those funds as the benefits accrue to employees.

K. Derivative Instruments

The City's derivative instruments are accounted for in accordance with Government Accounting Standards Board (GASB) Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments (GASB 53)," which requires the City to report its derivative instruments at fair value. Changes in fair value for effective hedges that are achieved with derivative instruments are reported as deferrals in the statements of net position.

The City uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. The City had debt that was layered with "synthetic fixed rate" swaps, which was refunded in 2008 and 2011. At the time of the refunding, hedge accounting ceased to be applied. The balance of the deferral account for each swap is included as part of the deferred charge on refunding associated with the new bonds. The swaps were also employed as a hedge against the new debt. Hedge accounting was applied to that portion of the hedging relationship, which was determined to be effective. The negative fair value of the interest rate swaps related to the new hedging relationship has been recorded and deferred on the statement of net position. In 2012, the City also entered into an additional

interest rate swap agreement, which has a positive fair value and is recorded and deferred on the statement of net position. See Note 10 for further discussion related to the City's interest rate swaps.

Various transactions permitted in the Utility's Power Resources Risk Management Policies may be considered derivatives, including energy and/or gas transactions for swaps, options, forward arrangements and congestion revenue rights. The City has determined that all of its contracts including congestion revenue rights fall under the scope of "normal purchases and normal sales" and are exempt from GASB 53.

#### L. Long-Term Obligations

##### Long-Term Debt

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities columns in the government-wide financial statements and in the proprietary funds and fiduciary private-purpose trust fund statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, government fund types recognize bond issuance costs as expenditures during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

##### Decommissioning

Federal regulations require the Electric Utility to provide for the future decommissioning of its ownership share of the nuclear units at San Onofre. The Electric Utility has established trust accounts to accumulate resources for the decommissioning of the nuclear power plant and restoration of the beachfront at San Onofre. Based on the most recent site specific cost estimate as of July 2013, prepared by ABZ Incorporated, the Electric Utility has fully funded the San Onofre Nuclear Generating Station ("SONGS") decommissioning liability. With the recent retirement of SONGS units 2 and 3, there is much uncertainty as to future unknown costs to decommission SONGS. Although management believes the current cost estimate is the upper bound of decommissioning obligations, the Electric Utility has conservatively decided to continue to set aside \$1,581 per year in an

internally restricted cash reserve for unexpected costs not contemplated in the current estimates.

Increases to the funds held for the decommission liability are from amounts set aside and investment earnings. The investment earnings are included in investment income. These earnings, as well as amounts set aside, are reflected as decommissioning expense which is reflected as a component of maintenance and operation expense in the statement of revenues, expenses and changes in net position. To date, the Electric Utility has set aside \$79,744 in cash investments with the trustee and \$3,337 in an internally restricted decommissioning reserve as the Electric Utility's estimated share of the decommissioning cost of San Onofre, and these amounts are reflected as restricted assets and unrestricted cash and cash equivalents, respectively, on the Statements of Net Position. The Electric Utility's decommissioning liability of \$73,286 as of June 30, 2015 is equivalent to the total funds accumulated of \$78,758 less \$5,472 paid as decommissioning costs for the fiscal year ended June 30, 2015 and is reflected as a non-current liability. The plant site easement at San Onofre terminates May 2024. The plant must be decommissioned and the site restored by the time the easement terminates.

#### M. Claims and Judgments Payable

Claims and judgments payable are recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Such claims, including an estimate for claims incurred but not reported at year end, are recorded as liabilities in the self-insurance internal service fund. As of June 30, 2015, the City had an obligation related to claims and judgments which is reflected as a liability on the government-wide statements and is more fully described in Note 7.

#### N. Fund Equity

In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance is the portion of fund balance that cannot be spent due to form. Examples include inventories, prepaid amounts, long-term loans, and notes receivable, unless the proceeds are restricted, committed or assigned. Also, amounts that must be maintained intact legally or contractually, such as the principal of a permanent fund are reported within the nonspendable category.



- Restricted fund balance is the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors.
- Committed fund balance is the portion of fund balance that can only be used for specific purposes due to formal action of the City Council through adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. No amounts have been reported within this category of fund balance.
- Assigned fund balance reflects the City's intended use of resources. Intent can be expressed by the City Council or by an official to which the City Council delegates the authority. On February 22, 2011, the City Council approved a policy whereby the authority to assign fund balance was delegated to the City's chief financial officer, which authorized the assignment of fund balance for specific programs or purposes in accordance with City Council directives. The City also uses budget and finance policy to authorize the assignment of fund balance, which is done through the adoption of the budget and subsequent budget amendments throughout the year.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the City's policy is to use restricted amounts before unrestricted amounts. Within unrestricted resources, committed resources are used first followed by assigned resources, and finally unassigned resources.

#### O. Net Position

Net position represents the difference between assets and deferred outflows less liabilities and deferred inflows. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the related acquisition, construction or improvement of those assets excluding unspent debt proceeds. Restricted net position represents restricted assets less liabilities and deferred inflows related to those assets. Restricted assets are recorded when there are limitations imposed on their use either through legislation adopted by the City or through external restrictions imposed by creditors,

grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

#### P. Interfund Transactions

Interfund transactions are accounted for as revenues and expenditures or expenses. Transactions, which constitute reimbursements, are eliminated in the reimbursed fund and accounted for as expenditures or expenses in the fund to which the transaction is applicable.

During the year, transactions occur between individual funds for goods provided or services rendered. Related receivables and payables are classified as "due from/to other funds" on the accompanying fund level statements. The noncurrent portion of long-term interfund loans receivable are reported as advances and, for governmental fund types, are equally offset by a fund balance reserve to indicate that the receivable is not in spendable form.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

#### Q. Unearned Revenue

Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

#### R. Unavailable Revenue

Unavailable revenue arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

#### S. Deferred Outflows and Deferred Inflows of Resources

When applicable, the statement of net position and the balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent outflows of resources (consumption of net

position) that apply to future periods and that, therefore will not be recognized as an expense or expenditure until that time.

Conversely, deferred inflows of resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are *not* recognized as an inflow of resources (revenue) until that time.

#### T. Regulatory Assets and Deferred Regulatory Charges

In accordance with GASB Statement No. 62, enterprise funds that are used to account for rate-regulated activities are permitted to defer certain expenses and revenues that would otherwise be recognized when incurred, provided that the City is recovering or expects to recover or refund such amounts in rates charged to its customers. Accordingly, regulatory assets and/or deferred regulatory charges have been recorded in the Electric, Water, Sewer and Refuse funds.

#### U. Property Tax Calendar

Under California law, general property taxes are assessed for up to 1% of the property's assessed value. General property taxes are collected by the counties along with other special district taxes and assessments and voter approved debt. General property tax revenues are collected and pooled by the county throughout the fiscal year and then allocated and paid to the county, cities and school districts based on complex formulas prescribed by State statutes.

Property taxes are calculated on assessed values as of January 1 for the ensuing fiscal year. On July 1 of the fiscal year the levy is placed and a lien is attached to the property. Property taxes are due in two installments. The first installment is due November 1 and is delinquent after December 10. The second installment is due February 1 and is delinquent after April 10. The City generally accrues only those taxes, which are received within sixty days after the year-end. Under the Teeter plan, the County of Riverside has responsibility for the collection of delinquent taxes and the City receives 100% of the levy.

#### V. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures. Specifically, the City has made certain estimates

and assumptions relating to the revenues due and expenditures incurred through fiscal year end, collectability of its receivables, the valuation of property held for resale, the useful lives of capital assets, and the ultimate outcome of claims and judgments. Actual results may differ from those estimates and assumptions.

#### W. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Riverside California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### X. New Accounting Pronouncements

Effective July 1, 2014, the accompanying financial statements reflect the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 (GASB 68). The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB 68 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Effective July 1, 2014, the accompanying financial statements reflect the implementation of GASB Statement No. 71, Pension Transitions for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The objective of GASB 71 is to address an issue regarding application of the transition provisions of GASB 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**CITY OF RIVERSIDE**  
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**For the year ended June 30, 2015**

(amounts expressed in thousands)

2. Legal Compliance - Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments within the general, special revenue and capital project funds. Formal budgets are not employed for debt service funds because debt indenture provisions specify payments. The permanent fund is not budgeted.

During the period December through February of each fiscal year, department heads prepare estimates of required appropriations for the following fiscal year. These estimates are compiled into a proposed operating budget that includes a summary of proposed expenditures and financial resources and historical data for the preceding fiscal year. The operating budget is presented by the City Manager to the City Council for review. Public hearings are conducted to obtain citizen comments. The City Council generally adopts the budget during one of its June meetings. The City Manager is legally authorized to transfer budgeted amounts between divisions and accounts within the same department. Transfer of appropriations between departments or funds and increased appropriations must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations at the departmental level within a fund. All appropriations shall lapse at the end of the fiscal year to the extent they have not been expended or lawfully encumbered, except for appropriations for capital projects which shall continue to their completion.

3. Cash and Investments

Cash and investments at fiscal year-end consist of the following:

Investments	\$ 474,677
Investments at fiscal agent	<u>359,362</u>
	834,039
Cash on hand and deposits with financial institutions	33,217
Non-negotiable certificates of deposit	<u>1,009</u>
	<u>\$ 868,265</u>

The amounts are reflected in the statements of net position of the government-wide and fiduciary fund financial statements:

Cash and investments	\$ 425,356
Restricted cash and cash equivalents	51,204
Restricted cash and investments at fiscal agent	<u>342,992</u>
Total per statement of net position	<u>819,552</u>
Fiduciary fund cash and investments	<u>48,713</u>
	<u>\$ 868,265</u>

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures, which are administered by outside agencies.

Interest income earned on pooled cash and investments is allocated monthly to funds based on the beginning and month-end balances. Interest income from cash and investments held at fiscal agents is credited directly to the related account. Bank deposits are covered by federal depository insurance for the first \$250 or by collateral held in the pledging bank's trust department in the name of the City.

Authorized Investments

Under provisions of the City's investment policy, and in accordance with California Government Code Section 53601, the City Treasurer may invest or deposit in the following types of investments:

	Max <u>Maturity</u>	Max % of <u>Portfolio</u>
Money Market Funds	N/A	20%
Securities of the U.S. Government and its sponsored agencies	5 Years	N/A
Corporate Medium-Term Notes	5 Years	30%
Local Agency Investment Fund (State Pool)	N/A	100%
Negotiable Certificates of Deposit	5 Years	30%
Repurchase Agreements	1 Year	N/A
Reverse Repurchase Agreements	90 Days	20%
Bankers Acceptances	180 Days	40%
Commercial Paper of "prime" quality	270 Days	25%
Local Agency Bonds	N/A	N/A

Investments in Corporate Medium Term Notes may be invested in securities rated A or better by Moody's or Standard and Poor's rating services and no more than 15% of the market value of the portfolio may be invested in one corporation.

The City's investment policy provides two exceptions to the above; one is for investments authorized by debt agreements (described below) and the other for funds reserved in the San Onofre Nuclear Generating Station Decommissioning Account for which the five-year maturity limitation may be extended to the term of the operating license.

**CITY OF RIVERSIDE**  
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Investments Authorized by Debt Agreements

Provisions of debt agreements, rather than the general provisions of the California Government Code or the City's investment policy, govern investments of debt proceeds held by bond fiscal agents. Permitted investments are specified in related trust agreements and include the following:

- Securities of the U.S. Government and its sponsored agencies
- Bankers' Acceptances rated in the single highest classification
- Commercial Paper rated AA or higher at the time of purchase
- Investments in money market funds rated in the single highest classification, except for certain debt proceeds which have no minimum rating requirement
- Municipal obligations rated Aaa/AAA or general obligations of states with ratings of at least A2/A or higher by both Moody's and S&P
- Investment Agreements

No maximum percentage of the related debt issue or maximum investment in one issuer is specified.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy requires that the interest rate risk exposure be managed by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Money Market Funds	\$ 27,456	\$ 27,456	\$ -	\$ -	\$ -
Federal Agency Securities	37,468	11,709	14,757	11,002	-
U.S. Treasury Notes/Bonds	236,989	13,162	106,438	117,389	-
Corp. Medium Term Notes	56,137	19,017	18,891	18,229	-
State Investment Pool	99,527	99,527	-	-	-
Negotiable CDs	17,100	6,669	5,714	4,717	-
Held by Fiscal Agent					
Money Market Funds	159,424	159,424	-	-	-
State Investment Pool	11,063	11,063	-	-	-
Investment Contracts	87,078	68,894	-	7,423	10,761
Commercial Paper	332	332	-	-	-
US Treasury Notes/Bonds	15,923	1,677	8,278	5,968	-
Federal Agency Securities	62,230	9,865	32,888	19,477	-
Corp. Medium Term Notes	<u>23,312</u>	<u>3,133</u>	<u>14,237</u>	<u>5,942</u>	-
<b>Total</b>	<b><u>\$834,039</u></b>	<b><u>\$431,928</u></b>	<b><u>\$201,203</u></b>	<b><u>\$190,147</u></b>	<b><u>\$10,761</u></b>

The City assumes that callable investments will not be called.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the actual rating as of year-end for each investment type:

Investment Type	Total	Ratings as of Year End			
		AAA	AA	A	Unrated
Money Market Funds	\$ 27,456	\$ 1,063	\$ 1,294	\$ 25,099	\$ -
Federal Agency Securities	37,468	37,468	-	-	-
U.S. Treasury Notes/Bonds	236,989	236,989	-	-	-
Corporate Medium Term Notes	56,137	-	56,137	-	-
State Investment Pool	99,527	-	-	-	99,527
Negotiable CDs	17,100	-	-	-	17,100
Held by Fiscal Agent					
Money Market Funds	159,424	7,446	-	151,122	856
State Investment Pool	11,063	-	-	-	11,063
Investment Contracts	87,078	-	-	-	87,078
Commercial Paper	332	-	-	332	-
US Treasury Notes/Bonds	15,923	15,923	-	-	-
Federal Agency Securities	62,230	62,230	-	-	-
Corporate Medium Term Notes	<u>23,312</u>	-	<u>3,833</u>	<u>19,479</u>	-
<b>Total</b>	<b><u>\$834,039</u></b>	<b><u>\$361,119</u></b>	<b><u>\$61,264</u></b>	<b><u>\$196,032</u></b>	<b><u>\$215,624</u></b>

**CITY OF RIVERSIDE**  
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Concentration on Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stated above. Investments in any one issuer (other than U.S. Treasury securities, money market funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Deutsche Bank Securities Inc.	Investment Contract	\$53,394

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy requires that a third party bank trust department hold all securities owned by the City. All trades are settled on a delivery vs. payment basis through the City's safekeeping agent. The City has no deposits with financial institutions; bank balances are swept daily into a money market account.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

4. Direct Financing Lease Receivable

The former Redevelopment Agency had a direct financing lease arrangement with the State of California (the State) for a twelve-story office building, which was transferred to the Successor Agency. The lease term is for thirty years and the State takes ownership of the facility at the conclusion of that term.

The lease calls for semi-annual payments not less than the debt service owed on the related lease revenue bonds issued by the former Redevelopment Agency for the purchase and renovation of the building. The future minimum lease payments to be received are as follows:

<u>Fiscal Year</u>	
2016	\$ 2,533
2017	2,561
2018	2,598
2019	2,625
2020	2,659
Thereafter	<u>13,784</u>
Total Due	26,760
Less: amount applicable to interest	<u>(7,420)</u>
Total direct financing lease receivable	<u>\$19,340</u>

5. Capital Assets

The following is a summary of changes in the capital assets during the fiscal year ended June 30, 2015.

	<u>Beginning Balance</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 333,799	\$ 6,662	\$ (706)	\$ 339,755
Construction in progress	<u>33,011</u>	<u>30,539</u>	<u>(29,430)</u>	<u>34,120</u>
Total capital assets not depreciated	<u>366,810</u>	<u>37,201</u>	<u>(30,136)</u>	<u>373,875</u>
Capital assets being depreciated:				
Buildings	180,654	2,576	-	183,230
Improvements				
other than buildings	299,345	2,109	-	301,454
Machinery and equipment	82,562	6,951	(3,488)	86,025
Intangibles, depreciable	-	201	-	201
Infrastructure	<u>934,613</u>	<u>47,513</u>	<u>-</u>	<u>982,126</u>
Total capital assets being depreciated	<u>1,497,174</u>	<u>59,350</u>	<u>(3,488)</u>	<u>1,553,036</u>
Less accumulated depreciation for:				
Buildings	(54,785)	(4,647)	-	(59,432)
Improvements				
other than buildings	(79,161)	(12,423)	-	(91,584)
Machinery and equipment	(61,546)	(5,361)	3,312	(63,595)
Intangibles, depreciable	-	(3)	-	(3)
Infrastructure	<u>(309,432)</u>	<u>(22,952)</u>	<u>-</u>	<u>(332,384)</u>
Total accumulated depreciation	<u>(504,924)</u>	<u>(45,386)</u>	<u>3,312</u>	<u>(546,998)</u>
Total capital assets being depreciated, net	<u>992,250</u>	<u>13,964</u>	<u>(176)</u>	<u>1,006,038</u>
Governmental activities capital assets, net	<u>\$1,359,060</u>	<u>\$51,165</u>	<u>\$(30,312)</u>	<u>\$1,379,913</u>

**CITY OF RIVERSIDE**  
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Business type activities:	Beginning Balance	Additions/ Transfers In	Deletions/ Transfer Out	Ending Balance
Capital assets, not depreciated:				
Land	\$ 51,115	\$ 72	\$ -	\$ 51,187
Intangibles, non-depreciable	21,492	-	-	21,492
Construction in progress	<u>260,881</u>	<u>133,930</u>	<u>(86,110)</u>	<u>308,701</u>
Total capital assets not depreciated	<u>333,488</u>	<u>134,002</u>	<u>(86,110)</u>	<u>381,380</u>
Capital assets being depreciated:				
Buildings	269,010	1,847	-	270,857
Improvements other than buildings	1,529,395	55,598	(3,263)	1,581,730
Intangibles, depreciable	830	13,538	-	14,368
Machinery and equipment	<u>76,140</u>	<u>13,848</u>	<u>(1,681)</u>	<u>88,307</u>
Total capital assets being depreciated	<u>1,875,375</u>	<u>84,831</u>	<u>(4,944)</u>	<u>1,955,262</u>
Less accumulated depreciation for:				
Buildings	(115,093)	(6,328)	-	(121,421)
Improvements other than buildings	(456,817)	(39,823)	3,149	(493,491)
Intangibles, depreciable	(358)	(240)	-	(598)
Machinery and equipment	<u>(49,493)</u>	<u>(6,324)</u>	<u>1,612</u>	<u>(54,205)</u>
Total accumulated depreciation	<u>(621,761)</u>	<u>(52,715)</u>	<u>4,761</u>	<u>(669,715)</u>
Total capital assets being depreciated, net	<u>1,253,614</u>	<u>32,116</u>	<u>(183)</u>	<u>1,285,547</u>
Business type activities capital assets, net	<u>\$1,587,102</u>	<u>\$166,118</u>	<u>\$(86,293)</u>	<u>\$1,666,927</u>

Depreciation expense was charged to various functions as follows:

Governmental activities:	
General government	\$ 4,972
Public safety	4,584
Highways and streets, including general infrastructure	24,192
Culture and recreation	<u>11,638</u>
Total depreciation expense – governmental activities	<u>\$45,386</u>

Business type activities:	
Electric	\$29,328
Water	13,088
Sewer	6,856
Refuse	1,046
Special Transportation	597
Airport	707
Public Parking	<u>1,093</u>
Total depreciation expense – business type activities	<u>\$52,715</u>

**6. Long-Term Obligations**

**Changes in Long-Term Obligations:** Below is a summary of changes in long-term obligations during the fiscal year:

Governmental Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General					
Obligation Bonds	\$14,460	\$ -	\$ 914	\$13,546	\$ 965
Pension Obligation					
Bonds	115,775	30,940	37,990	108,725	38,870
Certificates of Participation	191,446	-	4,234	187,212	5,730
Capital Leases	13,168	4,450	2,652	14,966	3,224
Lease Revenue					
Bonds	42,344	-	1,453	40,891	1,370
Loan Payable	47,611	-	2,037	45,574	2,094
Compensated Absences	21,996	13,431	13,412	22,015	13,426
Claims Liability	35,167	11,885	8,257	38,795	12,928
Judgment	6,667	-	3,333	3,334	3,334
OPEB Obligation	14,439	2,696	774	16,361	-
Net Pension Liability*	<u>355,946</u>	<u>-</u>	<u>80,362</u>	<u>275,584</u>	<u>-</u>
Total	<u>\$859,019</u>	<u>\$63,402</u>	<u>\$155,418</u>	<u>\$767,003</u>	<u>\$81,941</u>

Business-type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$1,094,290	\$ 224,400	\$79,056	\$1,239,634	\$28,745
Notes Payable	36,030	2,980	1,785	37,225	2,528
Capital Leases	2,266	154	700	1,720	507
Landfill Capping	6,172	-	250	5,922	200
Arbitrage Liability	14	1	-	15	-
Water Stock Acquisition					
Rights	941	-	-	941	150
Compensated Absences	7,925	7,512	6,993	8,444	7,472
OPEB Obligation	11,403	2,326	657	13,072	-
Net Pension Liability*	<u>161,936</u>	<u>-</u>	<u>36,560</u>	<u>125,376</u>	<u>-</u>
Total	<u>\$1,320,977</u>	<u>\$237,373</u>	<u>\$126,001</u>	<u>\$1,432,349</u>	<u>\$39,602</u>

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\* The net pension liability is a new long-term liability beginning in Fiscal Year 2014-15 as a result of the implementation of GASB Statement No. 68. The prior year balance is a result of a prior period adjustment (Note 18).

The following debt has been issued for the purpose of generating capital resources for use in acquiring or constructing municipal facilities or infrastructure projects.

Long-Term Obligations at June 30, 2015:

	<u>Principal Outstanding</u>
<u>Revenue Bonds:</u>	
<u>Electric</u>	
\$141,840 2008 Electric Refunding/Revenue Bonds; Series A & C. The bonds were issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.1% and 3.2% for the Series A & C bonds, respectively. See note 10 for information on the swap agreements. Bonds are due in annual installments from \$700 to \$7,835 through October 1, 2035.	112,515
\$209,740 2008 Electric Revenue Bonds; Series D fixed rate bonds, 3.6% to 5.0%, due in annual installments from \$3,460 to \$25,345 through October 1, 2038.	209,740
\$34,920 2009 Electric Refunding/Revenue Bonds; Series A fixed rate bonds, 4.0% to 5.0%, due in annual installments from \$1,150 to \$7,035 through October 1, 2018. The bonds refunded the 1998 series and partially refunded the 2001 series.	6,780
\$140,380 2010 Electric Revenue Bonds; Series A and B fixed rate bonds, 3% to 5.0%, due in annual installments from \$95 to \$33,725 through October 1, 2040.	140,380
\$56,450 2011 Electric Revenue Refunding Bonds; Series A. The bonds were issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see note 10. Bonds are due in annual installments from \$725 to \$5,175 through October 1, 2035.	41,925

\$79,080 2013 Electric Revenue Refunding Bonds; Series A fixed rate bonds, 3% to 5.25%, due in annual installments from \$795 to \$12,685 through October 1, 2043.	<u>71,320</u>
Subtotal	<u>582,660</u>
Add: Unamortized bond premium	<u>9,231</u>
	<u>\$591,891</u>

<u>Water</u>	
\$58,235 2008 Water Revenue Bonds; Series B fixed rate bonds, 4.0% to 5.0%, due in annual installments from \$1,210 to \$7,505 through October 1, 2038.	\$58,235
\$31,895 2009 Water Refunding/Revenue Bonds; Series A fixed rate bonds, 3.0% to 5.0%, due in annual installments from \$2,360 to \$4,335 through October 1, 2020. The bonds refunded the 1998 series and partially refunded the 2001 series.	17,065
\$67,790 2009 Water Revenue Bonds; Series B fixed rate bonds, 3.3% to 4.1%, due in annual installments from \$2,475 to \$4,985 through October 1, 2039.	67,790
\$59,000 2011 Water Refunding/Revenue Bonds; Series A. The bonds were issued at a variable rate; however the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see note 10. Bonds are due in annual installments from \$600 to \$3,950 through October 1, 2035.	<u>55,650</u>
Subtotal	<u>198,740</u>
Add: Unamortized bond premium	<u>2,939</u>
	<u>\$201,679</u>

<u>Sewer</u>	
\$240,910 2009 Sewer Revenue Bonds; Series A & B fixed rate bonds, 3.65% to 5.0%, due in annual installments from \$5,555 to \$13,350 through August 1, 2039.	\$219,790

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2015**

(amounts expressed in thousands)

On June 15, 2015, the City issued Series 2015A Sewer Revenue Bonds in the amount of \$200,030. A portion of the bond proceeds were used to refund the 2014 Sewer Revenue Bonds short term borrowing, as a result, no economic gain was achieved. Interest on the bonds is payable semi-annually on August 1 and February 1 of each year, commencing August 1, 2015. The rate of interest varies from 4% to 5% per annum depending on maturity date. Principal is payable in annual installments ranging from \$4,790 to \$14,175 commencing August 1, 2015 and ending August 1, 2040.

	<u>200,030</u>
Subtotal	<u>419,820</u>
Add: Unamortized bond premium	<u>26,244</u>
	<u>\$446,064</u>
Total Revenue Bonds	<u>\$1,239,634</u>

Remaining revenue bond debt service payments will be made from revenues of the Electric, Water and Sewer Enterprise funds. Annual debt service requirements to maturity are as follows:

Fiscal Year	Electric Utility Fund			Water Utility Fund		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$15,825	\$25,519	\$ 41,344	\$ 5,260	\$ 8,047	\$ 13,307
2017	13,320	24,863	38,183	5,180	7,814	12,994
2018	13,795	24,279	38,074	5,415	7,577	12,992
2019	14,445	23,636	38,081	5,635	7,352	12,987
2020	14,995	23,066	38,061	5,865	7,120	12,985
2021-2025	83,570	106,325	189,895	32,755	32,044	64,799
2026-2030	101,790	87,426	189,216	39,555	25,022	64,577
2031-2035	125,315	62,865	188,180	48,035	16,276	64,311
2036-2040	156,110	30,756	186,866	51,040	5,268	56,308
2041-2044	43,495	1,841	45,336	-	-	-
Premium	9,231	-	9,231	2,939	-	2,939
Total	<u>\$591,891</u>	<u>\$410,576</u>	<u>\$1,002,467</u>	<u>\$ 201,679</u>	<u>\$116,520</u>	<u>\$318,199</u>

Sewer Utility Fund

Fiscal Year	Principal	Interest	Total
2016	\$ 7,660	\$ 16,123	\$ 23,783
2017	8,055	19,255	27,310
2018	8,410	18,900	27,310
2019	13,515	18,488	32,003
2020	14,075	17,929	32,004
2021-2025	59,650	81,309	140,959
2026-2030	75,725	65,234	140,959
2031-2035	96,315	44,651	140,966
2036-2040	122,240	18,720	140,960
2041	14,175	354	14,529
Premium	26,244	-	26,244
Total	<u>\$ 446,064</u>	<u>\$ 300,963</u>	<u>\$ 747,027</u>

General Obligation Bonds: Principal Outstanding

\$20,000 Fire Facility Projects, Election of 2003 General Obligation Bond; 3.0% to 5.5%, due in annual installments from \$410 to \$1,740 through August 1, 2024.	\$ 13,395
Add: Unamortized bond premium	<u>151</u>
Total General Obligation Bonds	<u>\$ 13,546</u>

Remaining general obligation bond debt service payments will be made from unrestricted revenues of the General fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 965	\$ 634	\$ 1,599
2017	1,040	592	1,632
2018	1,110	544	1,654
2019	1,195	493	1,688
2020	1,290	436	1,726
2021-2025	7,795	1,097	8,892
Premium	151	-	151
Total	<u>\$13,546</u>	<u>\$3,796</u>	<u>\$17,342</u>



**CITY OF RIVERSIDE**  
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(amounts expressed in thousands)

Pension Obligation Bonds:	<u>Principal</u> <u>Outstanding</u>		
\$89,540 California Statewide Community Development Authority (Public Safety) 2004 Taxable Pension Obligation Bond; 2.65% to 5.896%, due in annual installments from \$1,125 to \$10,715 through June 1, 2023.	\$ 61,745	\$128,300 2008 Riverside Renaissance Certificates of Participation; issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.4%. For information on the swap agreement see note 10. Due in annual installments from \$2,900 to \$7,200 through March 1, 2037.	112,800
\$30,000 2005 Taxable Pension Obligation Bonds Series A; 3.85% to 4.78%, due in annual installments \$630 to \$3,860 through June 1, 2020.	16,040	\$20,660 2010 Recovery Zone Facility Hotel Project Certificates of Participation; 4.0% to 5.5%, due in annual installments from \$415 to \$1,410 through March 1, 2040.	20,245
\$30,940 2015 Taxable Pension Obligation Refunding Bond Anticipation Notes; rate at June 30, 2015 was 0.75%, \$30,940 due June 1, 2016. The refunding transaction did not result in an economic gain. However, a minor reduction of debt service in the amount of \$44 was achieved.	<u>30,940</u>	\$35,235 2013 Pavement Rehab Certificates of Participation; 4.0% to 5.0%, due in annual installments from \$1,285 to \$2,855 through June 1, 2034	<u>35,235</u>
Total Pension Obligation Bonds	<u>\$108,725</u>	Subtotal	<u>186,370</u>
		Plus: Unamortized bond premium	<u>842</u>
		Total Certificates of Participation	<u>\$187,212</u>

Remaining certificates of participation debt service payments will be made from unrestricted revenues of the debt service fund. Annual debt service requirements to maturity are as follows:

Remaining pension obligation bond debt service payments will be made from unrestricted revenues of the General fund. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 38,870	\$ 4,626	\$ 43,496
2017	8,880	3,971	12,851
2018	9,920	3,482	13,402
2019	11,035	2,936	13,971
2020	10,760	2,328	13,088
2021-2023	<u>29,260</u>	<u>3,562</u>	<u>32,822</u>
Total	<u>\$108,725</u>	<u>\$20,905</u>	<u>\$129,630</u>

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 5,730	7,346	13,076
2017	5,920	7,137	13,057
2018	6,110	6,922	13,032
2019	6,310	6,700	13,010
2020	6,630	6,451	13,081
2021-2025	37,350	28,094	65,444
2026-2030	45,500	19,984	65,484
2031-2035	49,780	10,076	59,856
2036-2040	23,040	1,812	24,852
Premium	842	-	842
Total	<u>\$187,212</u>	<u>\$94,522</u>	<u>\$281,734</u>

Certificates of Participation:	<u>Principal</u> <u>Outstanding</u>		
\$19,945 2006 Galleria at Tyler Public Improvements Certificates of Participation; 4.0% to 5.0%, due in annual installments from \$435 to \$1,270 through September 1, 2036.	\$18,090		

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2015**

(amounts expressed in thousands)

Lease Revenue Bonds – Governmental Activities:

Principal  
Outstanding

On August 15, 2012, the City issued the Series 2012A Lease Revenue Refunding Bonds in the amount of \$41,240. The bonds were issued to refinance the 2003 Certificates of Participation. Interest on the bonds is payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2013. The rate of interest varies from 2% to 5% per annum depending on maturity date. Principal is payable in annual installments ranging from \$1,295 to \$2,840 commencing November 1, 2013 and ending November 1, 2033.

\$38,615

Add: Unamortized bond premium

2,276

Total Lease Revenue Bonds – Governmental Activities

\$40,891

Remaining lease revenue bond debt service payments will be made from unrestricted revenues of the debt service fund. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$1,370	\$ 1,702	\$ 3,072
2017	1,420	1,653	3,073
2018	1,485	1,588	3,073
2019	1,560	1,511	3,071
2020	1,640	1,431	3,071
2021-2025	9,380	5,826	15,206
2026-2030	11,025	3,563	14,588
2031-2034	10,735	880	11,615
Premium	<u>2,276</u>	-	<u>2,276</u>
Total	<u>\$40,891</u>	<u>\$18,154</u>	<u>\$59,045</u>

Loans Payable – Governmental Activities:

Principal  
Outstanding

2012 financing arrangement in the amount of \$4,000 for the construction of Ryan Bonaminio Park at the Tequesquite Arroyo. The debt will be paid with resources from the General Fund in semi-annual debt service payments of approximately \$468 per year over a 10 year period, which includes interest at an annualized rate of 3.05%.

\$ 2,924

On July 19, 2012, the City secured financing in the amount of \$41,650 with BBVA Compass Bank for the renovation and expansion of the Riverside Convention Center. In March 2014, the financing arrangement with BBVA was increased to \$44,650. The financing consists of an initial 21-month variable rate interest only period during construction that has a swap transaction layered over the remaining 20-year amortization resulting in a “synthetic fixed” rate of 3.24% for 20 of the 22 years. For information on the swap agreement see note 10. At the end of the construction period, principal and interest are due on the first of each month, with equal payments each year of approximately \$2,850.

42,650

Total Loans Payable – Governmental Activities

\$45,574

Remaining loans payable debt service payments will be made from unrestricted revenues of the debt service fund. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,094	\$ 1,409	\$ 3,503
2017	2,157	1,347	3,504
2018	2,222	1,282	3,504
2019	2,283	1,220	3,503
2020	2,365	1,139	3,504
2021-2025	11,459	4,658	16,117
2026-2030	12,284	2,898	15,182
2031-2035	<u>10,710</u>	<u>862</u>	<u>11,572</u>
Total	<u>\$45,574</u>	<u>\$14,815</u>	<u>\$60,389</u>



**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2015**

(amounts expressed in thousands)

To the extent that remarketing proceeds are insufficient or not available, tendered amounts will be paid from drawings made under an irrevocable direct-pay letter of credit.

Liquidity advances drawn against the LOC that are not repaid will be converted to an installment loan over a 5-year period. The City would be required to pay \$63,420 a year for 5 years (assuming a 12 percent interest rate) if \$112,800 of 2008 Certificates of Participation and \$112,515 of 2008 Electric Revenue Bonds (Series A and C) were "put" and not resold. No amounts have ever been drawn against the three letters of credit due to a failed remarketing.

The various indentures allow the City to convert the mode of the debt in the case of a failed remarketing.

**Capital Leases:**

The City leases various equipment through capital leasing arrangements in the governmental and proprietary fund types. These activities are recorded for both governmental and business-type activities in the government-wide financial statements. The assets and related obligations under leases in governmental funds are not recorded in the fund statements. For proprietary funds, the assets and their related liabilities are reported directly in the fund. Amortization applicable to proprietary assets acquired through capital lease arrangements is included with depreciation for financial statement presentation.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Buildings and improvements	\$1,103	\$ -
Equipment	<u>13,236</u>	<u>4,962</u>
Subtotal	14,339	4,962
Less: Accumulated depreciation	<u>(4,326)</u>	<u>(3,205)</u>
Total	<u>\$10,013</u>	<u>\$1,757</u>

The future minimum lease obligations as of June 30, 2015 were as follows:

<u>Years Ending June 30,</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
2016	\$3,224	\$ 543
2017	2,971	322
2018	2,971	322
2019	2,666	322
2020	1,485	310
Thereafter	<u>2,504</u>	<u>-</u>
Total Minimum lease payments	15,821	1,819
Less: Amount representing interest (rates ranging from 1.2% to 9%)	<u>(855)</u>	<u>(99)</u>
Total capital lease payable	<u>\$14,966</u>	<u>\$1,720</u>

The following are legally required debt service cash reserves. These amounts, at a minimum, are held by the City or fiscal agents at June 30, 2015:

<u>Governmental long-term obligations:</u>	
Certificates of Participation	<u>\$10,325</u>
Total	<u>\$10,325</u>
<u>Enterprise funds:</u>	
Electric	\$10,804
Sewer	<u>20,142</u>
Total	<u>\$30,946</u>

The City has a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. The debt service coverage ratios also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2015**

(amounts expressed in thousands)

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required)	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service Coverage Ratio for FYE 6/30/15
Electric revenues	\$91,149	\$42,017	2.17
Water revenues	29,518	13,600	2.17
Sewer revenues	23,690*	19,014	1.25

\* Includes cash set-aside in a rate stabilization account in accordance with applicable bond covenants.

There are also a number of limitations and restrictions contained in Assessment Bond indentures. The City believes they are in compliance with all significant limitations and restrictions.

**Landfill Capping:**

State and Federal laws and regulations require the City to place a final cover on all active landfills when closed and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. To comply with these laws and regulations, the City is funding the costs of closure and "final capping" of the Tequesquite landfill located in the City. This area, comprised of approximately 120 acres, operated as a "Class II Sanitary Landfill" until its closure in 1985. During its operation, the landfill did not accept hazardous waste and no clean up and abatement or cease and desist orders have been issued to the City. The capacity used at June 30, 2015 was 100%. The remaining post closure period is currently 18 years.

The estimated costs as determined by an independent consultant and updated by the City's Engineering Department are associated with flood control upgrades, remediation of possible ground water contamination and control of methane gas. All potential costs have been recognized in the financial statements. However, there is the potential for these estimates to change due to inflation, deflation, technology, or change in laws or regulations. The City is recovering such costs in rates charged to its customers. The portion of costs to be recovered through future rates is classified as a regulatory asset and will be amortized over future periods.

**7. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees;

and natural disasters. Property insurance coverage has a limit of \$1,000,000, with a deductible of \$100. Earthquake and flood insurance coverage has a limit of \$25,000, with a deductible of 5% for earthquake and \$100 for flood. Workers' compensation insurance coverage has a limit of \$25,000, with a self-insured retention of \$3,000 per occurrence. The City carries commercial liability insurance in the amount of \$20,000 for general and auto liability claims greater than \$3,000. There were no claims settled in the last three fiscal years that exceed insurance coverage. Internal service funds have been established to account for and finance the uninsured risks of loss.

All funds of the City participate in the Risk Management program and make payments to the Internal Service Funds based on actuarial estimates of the amounts needed to fund prior and current year claims and incidents that have been incurred but not reported. Interfund premiums are accounted for as quasi - external transactions and are therefore recorded as revenues of the Internal Service funds in the fund financial statements.

**Changes in the self-insurance fund's claims liability amounts are:**

Unpaid Claims, June 30, 2013	\$31,569
Incurred claims (including IBNR's)	13,582
Claim payments and adjustments	<u>(9,984)</u>
Unpaid Claims, June 30, 2014	35,167
Incurred claims (including IBNR's)	11,885
Claim payments and adjustments	<u>(8,257)</u>
Unpaid Claims, June 30, 2015	<u>\$38,795</u>

**8. Judgment**

In April 2013, the City settled a lawsuit challenging its century-old practice of transferring Water Fund monies to the General Fund. Under the settlement agreement, the General Fund agreed to pay \$10 million over a three year period beginning in fiscal year 2013/14. In fiscal year 2014/15, the General Fund paid the second installment of \$3,333. The remaining obligation is \$3,334, which has been reflected as a liability in the government-wide statements.

**9. Other Long-Term Obligations**

Changes in Long-Term Obligations: Below is a summary of changes in long-term obligations during the fiscal year for the former Redevelopment Agency, which is accounted for in the Successor Agency Trust (a fiduciary fund):

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2015**

(amounts expressed in thousands)

Successor Agency Trust:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	
Redevelopment						
Agency bonds	\$ 248,040	\$ 72,370	\$ 84,851	\$235,559	\$ 8,360	
Notes Payable	5,607	-	705	4,902	768	
Total	<u>\$ 253,647</u>	<u>\$ 72,370</u>	<u>\$ 85,556</u>	<u>\$240,461</u>	<u>\$9,128</u>	

\$14,850 Downtown/Airport Merged Project Area and Casa Blanca Project Area 2007 Tax Allocation Bonds, Taxable, Series B, \$4,050 term bonds at 5.2% due Aug. 1, 2017; \$10,800 term bonds at 5.8% due Aug. 1, 2028. 12,080

Redevelopment Agency Bonds:

\$13,285 1991 Public Financing Authority Revenue Bonds, Series A, Multiple Project Areas; \$1,470 serial revenue bonds 7.15% to 7.6%, due in annual installments from \$100 to \$145 through Feb. 1, 2003; and \$4,175 term bonds, 8.0%, due in annual installments from \$155 to \$450 through Feb. 1, 2018 (portion not refunded). 86,550

\$26,255 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series A; 2% to 5% due in annual installments from \$545 to \$2,230 through Oct. 1, 2024. 33,150

\$4,810 State of California Dept. of General Services Project, 2003 Lease Revenue Refunding Bonds, Series B; \$310 serial bonds 1.20% to 1.42% through Oct. 1, 2004; \$620 term bonds at 3.090% due Oct. 1, 2008; \$1,110 term bonds at 4.340% due Oct. 1, 2014 and \$2,770 term bonds at 5.480% due Oct. 1, 2024. 2,770

\$8,340 Downtown/Airport Merged Project Area and Casa Blanca Project Area 2007 Tax Allocation Bonds, Tax Exempt, Series A, serial bonds 4.0% to 4.25% due in annual installments from \$20 to \$590 through Aug. 1, 2025; \$4,980 term bonds at 4.5% due Aug. 1, 2029; \$410 term bonds at 4.375% due Aug. 1, 2037. 8,195

\$89,205 University Corridor/Sycamore Canyon Merged Project Area, Arlington Project Area, Hunter Park/Northside Project Area, Magnolia Center Project Area, and La Sierra/Arlanza Project Area 2007 Tax Allocation Bonds, Tax-Exempt, Series C, serial bonds 4.0% to 5.0% due in annual installments from \$50 to \$3,210 through Aug. 1, 2025; \$17,955 term bonds at 4.5% due Aug. 1, 2030; \$47,775 term bonds at 5.0% due Aug. 1, 2037. 86,550

\$43,875 University Corridor/Sycamore Canyon Merged Project Area, Arlington Project Area, Hunter Park/Northside Project Area, Magnolia Center Project Area, and La Sierra/Arlanza Project Area 2007 Tax Allocation Bonds, Taxable, Series D, \$15,740 term bonds at 5.24% due Aug. 1, 2017; \$28,135 term bonds at 5.89% due Aug. 1, 2032. 33,150

On October 16 2014, the Successor Agency to the Redevelopment Agency of the City of Riverside issued 2014 Subordinate Tax Allocation Refunding Bonds (Series A and B) in the amount of \$62,980. The bonds were issued to refund certain obligations of the former Redevelopment Agency of the City of Riverside. The refunding transaction resulted in an economic gain of \$10,312 and a net debt service savings of \$17,345. Interest is due semi-annually on March 1 and September 1, commencing March 1, 2015. Principal is due in annual installments from \$160 to \$4,745 through September 1, 2034. The rate of interest varies from 0.6% to 5% per annum. 62,980

Subtotal 222,460  
 Add: Unamortized bond premium 13,099  
 Total Redevelopment Agency Bonds \$235,559

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2015**

(amounts expressed in thousands)

Remaining debt service will be paid by the Successor Agency Trust from future property tax revenues. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 8,360	\$ 10,892	\$ 19,252
2017	8,275	10,589	18,864
2018	8,920	10,222	19,142
2019	9,320	9,778	19,098
2020	9,830	9,288	19,118
2021-2025	59,470	37,860	97,330
2026-2030	51,745	23,308	75,053
2031-2035	42,600	11,453	54,053
2036-2038	23,940	1,691	25,631
Premium	13,099	-	13,099
Total	<u>\$235,559</u>	<u>\$125,081</u>	<u>\$360,640</u>

Notes Payable – Successor Agency:

Principal  
Outstanding

These notes payable have been issued to promote development and expansion within the City's redevelopment areas.

Pepsi Cola Bottling Company of Los Angeles, 10.5%, payable in net annual installments of \$341, subject to recording of completion.

2,987

HUD Section 108 loan for University Village, 5.36% to 7.66%, payable in semi-annual installments beginning Aug. 1, 1996 of \$272 to \$425 through Aug. 1, 2015

395

HUD Section 108 loan for Mission Village Project, 6.15% to 6.72%, payable in semi-annual installments beginning Aug. 1, 1999 of \$110 to \$420 through Aug. 1, 2018

1,520

Total notes payable – Successor Agency

\$ 4,902

Remaining debt service will be paid by the Successor Agency Trust from future property tax revenues. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 768	\$ 360	\$ 1,128
2017	396	340	736
2018	424	326	750
2019	458	310	768
2020	42	300	342
2021-2025	286	1,423	1,709
2026-2030	471	1,238	1,709
2031-2035	777	933	1,710
2036-2038	1,280	430	1,710
Total	<u>\$ 4,902</u>	<u>\$5,660</u>	<u>\$10,562</u>

As a result of action by the State of California to dissolve all redevelopment agencies in the state, the Successor Agency no longer receives the full amount of tax increment previously pledged by the dissolved redevelopment agency to its bondholders. In its place is a new revenue stream provided to the Successor Agency that represents only that portion of tax increment that is necessary to pay the enforceable obligations approved by the California Department of Finance.

For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. The debt service coverage ratios for the Successor Agency also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

<u>Description of Pledged Revenue</u>	<u>Annual Amount of Pledged Revenue (net of expenses, where required)*</u>	<u>Annual Debt Service Payments (of all debt secured by this revenue)</u>	<u>Debt Service Coverage Ratio for FYE 6/30/15</u>
Property Taxes:			
Non-Housing	\$42,110	\$13,805	3.05
Housing	8,570	2,522	3.40

\* The computations above are based on the total tax increment generated for the year ended June 30, 2015 for each project area that had been pledged as collateral for the Bonds. As discussed above, only a portion of tax increment has been actually remitted to the Successor Agency and reported as revenue in the accompanying financial statements.

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2015**

(amounts expressed in thousands)

**Assessment Districts and Community Facilities Districts Bonds**  
(Not obligations of the City)

As of June 30, 2015, the City has several series of Assessment District and Community Facility District Bonds outstanding in the amount of \$37,915. Bonds were issued for improvements in certain districts and are long-term obligations of the property owners. The City Treasurer acts as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if applicable. Since the debt does not constitute an obligation of the City, it is not reflected as a long-term obligation of the City and is not reflected in the accompanying basic financial statements.

**Conduit Debt Obligations**

Mortgage Revenue Bonds outstanding of \$4,125 are not included in the accompanying financial statements. These bonds are special obligations of third parties and payable solely from and secured by a pledge of the receipts received from loans and certain other reserve funds and related monies. The bonds are not payable from any other revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of the principal and interest on the bonds.

**10. Derivative Instruments**

**Interest Rate Swaps**

The City has six cash flow hedging derivative instruments, which are pay-fixed swaps. These swaps were employed as a hedge against debt that was refunded in 2008 and 2011 and against debt issued in 2012. At the time of the refunding's, hedge accounting ceased to be applied. The balance of the deferral account for each swap is included as part of the deferred charge on refunding associated with the new bonds. The swaps were also employed as a hedge against the new debt. Hedge accounting was applied to that portion of the hedging relationship, which was determined to be effective. Hedge accounting was also applied to the swap associated with the debt issued in 2012, which was also determined to be effective.

The following is a summary of the derivative activity for the year ended June 30, 2015:

	<u>Notional Amount</u>	<u>Fair Value as of 6/30/15</u>	<u>Change in Fair Value for Fiscal Year</u>
<b>Governmental Activities</b>			
2008 Renaissance Certificates of Participation	\$112,800	(21,014)	(1,529)
2012 Convention Center Financing	39,890	(683)	(732)
<b>Business-Type Activities</b>			
2008 Electric Refunding/Revenue Bonds Series A	68,525	(9,097)	(252)
2008 Electric Refunding/Revenue Bonds Series C	41,975	(7,615)	(969)
2011 Electric Refunding/Revenue Bonds Series A	41,925	(7,586)	(970)
2011 Water Refunding/Revenue Bonds Series A	55,650	(8,861)	(778)

**Objective:** In order to lower borrowing costs as compared to fixed-rate bonds, the City entered into interest rate swap agreements in connection with its \$141,840 2008 Electric Revenue Bonds (Series A and C), \$56,450 2011 Electric Revenue Bonds, \$59,000 2011 Water Revenue Bonds and \$128,300 2008 Certificates of Participation ("COP"). Also, in 2012, the City entered into an additional interest rate swap agreement in connection with the Convention Center financing with BBVA Compass Bank.

**Terms:** Per the existing swap agreements, the City pays a counterparty a fixed payment and receives a variable payment computed as 62.68% of the London Interbank Offering Rate ("LIBOR") one month index plus 12 basis points for the Electric and Water swaps. For the COP swap, the City pays a fixed payment and receives a variable payment computed as 63.00% of the LIBOR one month index plus 7 basis points. The Convention Center financing consists of an initial 21-month variable rate interest only period during construction, which swaps to a fixed rate for the remaining 20-year amortization whereby the City will pay a fixed payment and will receive a variable payment computed at 65.01% of the LIBOR one month index plus 150 basis points. The lease interest rate on the Convention Center has a cap at the lesser of 12% or the highest rate permitted by applicable law whereas the related swap does not have a cap. The swaps have notional amounts equal to the principal amounts stated above. The notional value of the swaps and the principal amounts of the associated debt decline by \$975 to \$7,200 until the debt is completely retired in fiscal year 2037.



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The bonds and the related swap agreements for the 2008A Electric Revenue Bonds mature on October 1, 2029, 2008C Electric and 2011A Electric and 2011A Water Revenue/Refunding Bonds mature on October 1, 2035. The 2008 Certificates of Participation mature on March 1, 2037. The loan with BBVA Compass Bank will be paid in full on April 1, 2034.

As of June 30, 2015, rates were as follows:

	2008 Electric Refunding/ Revenue Bonds <u>Series A</u>  <u>Rates</u>	2008 Electric Refunding/ Revenue Bonds <u>Series C</u>  <u>Rates</u>	2011 Electric Refunding/ Revenue Bonds <u>Series A</u>  <u>Rates</u>
Interest rate swap:			
Fixed payment to counterparty	3.11100%	3.20400%	3.20100%
Variable payment from counterparty	<u>(0.39628%)</u>	<u>(0.39734%)</u>	<u>(0.24340%)</u>
Net interest rate swap payments	2.71472%	2.80666%	2.95760%
Variable-rate bond coupon payments	<u>0.30624%</u>	<u>0.30460%</u>	<u>0.12133%</u>
Synthetic interest rate on bonds	<u>3.02096%</u>	<u>3.11126%</u>	<u>3.07893%</u>
	2011 Water Refunding/ Revenue Bonds <u>Series A</u>  <u>Rates</u>	2008 Renaissance COPs  <u>Rates</u>	2012 Convention Center Financing  <u>Rates</u>
Interest rate swap:			
Fixed payment to counterparty	3.20000%	3.36200%	3.24000%
Variable payment from counterparty	<u>(0.24311%)</u>	<u>(0.36546%)</u>	<u>(1.60469%)</u>
Net interest rate swap payments	2.95689%	2.99654%	1.63531%
Variable-rate bond coupon payments	<u>0.14283%</u>	<u>0.33427%</u>	<u>1.60469%</u>
Synthetic interest rate on bonds	<u>3.09972%</u>	<u>3.33081%</u>	<u>3.24000%</u>

**Fair Value:** As of June 30, 2015, in connection with all swap arrangements, the transactions had a combined net negative fair value of <\$54,856>. Because the coupons on the City's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value decrease. The fair value was developed by a pricing service using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for

hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

**Credit risk:** The City is exposed to credit risk on one of its derivative instruments that has a positive fair value. The counterparty for this swap is BBVA/Compass Bank. To mitigate credit risk, the City has the ability to offset swap payments due to it from BBVA/Compass pursuant to the swap, against current and future rental payments required to be made by the City to Compass Mortgage Corporation under the lease agreement. The City is not exposed to credit risk on the remaining swaps because those swaps have a negative fair value. The swap counterparties, Bank of America, N.A., Bank of America Corp. and J.P. Morgan Chase & Co. were rated A, A- and A respectively by Standard & Poor's. To mitigate the potential for credit risk for these swaps, the swap agreements require the fair value of the swap to be collateralized by the counterparty with U.S. Government securities if the counterparties' rating decreases to negotiated trigger points. Collateral would be posted with a third-party custodian. At June 30, 2015, there is no requirement for collateral posting for any of the outstanding swaps.

**Basis risk:** The city is exposed to basis risk on its pay-fixed interest rate swap and rate cap hedging derivative instruments because the variable-rate payments received by the city on these hedging derivative instruments are based on a rate or index other than interest rates the city pays on its hedged variable-rate debt. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized.

**Termination risk:** The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, a swap may be terminated by the City if either counterparty's credit quality falls below "BBB-" as issued by Standard and Poor's. The City or the counterparty may terminate a swap if the other party fails to perform under the terms of the contract. If a swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination a swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

**Swap payments and associated debt:** As of June 30, 2015, the debt service requirements of the variable-rate debt and net swap payments assuming current interest rates remain the same, for their term are summarized in the following table. As rates vary, variable-rate bond interest payments and net swap payments will vary.

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Fiscal Year	<u>Variable-Rate Bonds</u>			Total
	Principal	Interest	Interest Rate Swaps, Net	
2016	\$ 6,138	\$ 1,535	\$ 10,508	\$ 18,181
2017	5,964	1,494	10,355	17,813
2018	7,217	1,453	10,176	18,846
2019	13,516	1,401	9,848	24,765
2020	16,610	1,328	9,398	27,336
2021-2025	86,884	5,568	39,597	132,049
2026-2030	95,949	3,619	27,139	125,707
2031-2035	105,738	1,425	12,375	119,538
2036-2040	<u>28,525</u>	<u>67</u>	<u>657</u>	<u>29,249</u>
Total	<u>\$365,541</u>	<u>\$17,890</u>	<u>\$130,053</u>	<u>\$513,484</u>

11. Economic Contingency

A portion of unassigned fund balance within the General Fund is set aside for future economic contingencies. The amount that has been set aside is equal to approximately 15% of General Fund expenditures.

12. Interfund Assets, Liabilities and Transfers

Due From/To Other Funds: These balances resulted from expenditures being incurred prior to receipt of the related revenue source.

The following table shows amounts receivable/payable between funds within the City at June 30, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 317
	Capital Outlay Fund	6,024
	Nonmajor Enterprise Funds	<u>593</u>
		6,934
Electric	Central Stores *	<u>610</u>
Water	Central Stores *	<u>261</u>
Total		<u>\$7,805</u>

\* Internal service fund

Advances To/From Other Funds: These balances consist of advances used to fund capital projects in advance of related financing/assessments and for other long-term borrowing purposes.

The following table shows amounts advanced from funds within the City to other funds within the City at June 30, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Electric	\$10,719
	Water	4,612
	Sewer	2,950
	Nonmajor Governmental Funds	491
	Nonmajor Enterprise Funds	1,983
	Self-Insurance Trust *	193
	Central Stores *	203
	Central Garage *	<u>913</u>
		<u>22,064</u>
Self-Insurance Trust *	Nonmajor Enterprise Funds	334
	General Fund	72
	Nonmajor Governmental Funds	458
	Central Garage *	<u>1,353</u>
		<u>2,217</u>
Central Garage *	Nonmajor Governmental Funds	3,460
Sewer	Nonmajor Governmental Funds	<u>6,977</u>
Total		<u>\$34,718</u>

In addition, the following advances to the former Redevelopment Agency are accounted for in the Private-Purpose Trust Fund of the Successor Agency:

<u>Receivable Fund</u>	<u>Amount</u>
General	\$ 619
Nonmajor Governmental Funds	35,277
Electric	5,850
Sewer	4,474
Self-Insurance Trust *	<u>5,682</u>
Total	<u>\$51,902</u>

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Transfers In/Out: Transfers are primarily used to (1) move revenues to the fund that statute or budget requires to expend them, and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

The following table shows amounts transferred to/from funds within the City as of June 30, 2015:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General	Electric	\$38,178
	Water	7,098
	Nonmajor Governmental Funds	<u>134</u>
		<u>45,410</u>
Nonmajor Governmental Funds	General Fund	12,691
	Capital Outlay Fund	1,711
	Nonmajor Governmental Funds	960
	Nonmajor Enterprise Funds	<u>738</u>
		<u>16,100</u>
Water	General Fund	<u>3,333</u>
Total		<u>\$64,843</u>

**13. Deficit Net Position**

Deficit net position exists in the Self-Insurance Internal Service Fund (\$27,591). In order to begin funding a portion of the deficit in the internal service fund, self-insurance rates were increased in the current year. However, this was offset by unusually large losses incurred during the year combined with an adjustment for the increase in the amount estimated for claims and judgments. Management believes that there are sufficient funds on hand to cover current payment obligations and plans to continue to control costs and increase rates over the next few years as needed to match expected long-term payment requirements.

Deficit net position exists in the Special Capital Improvement Fund (\$2,287). The deficit relates to short-term borrowings, which will be repaid over the next six years as park development fees are expected to increase as the local economy continues to recover

Deficit net position also exists in the Successor Agency Private-Purpose Trust Fund (\$201,258). The deficit in the Successor Agency Trust Fund will

be reduced over the years as the related debt is paid-off with funds received from the Redevelopment Property Tax Trust Fund (RPTTF), which is administered by the County Auditor-Controller.

**14. Litigation**

The City is a defendant in various lawsuits arising in the normal course of business. Present lawsuits and other claims against the City are incidental to the ordinary course of operations and are largely covered by the City's self-insurance program. In the opinion of management and the City Attorney, such claims and litigation will not have a materially adverse effect upon the financial position or results of operation of the City.

The Water Utility is a plaintiff in a lawsuit against several entities that either owned or leased a property site in the City of Colton and City of Rialto that is contaminated by perchlorate. The lawsuit was filed March 31, 2009, and no trial date has been set.

**15. City Employees Retirement Plan**

(A) Plan Description. The City of Riverside contributes to the California Public Employees Retirement System (CalPERS), an agent multiple employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Benefit provisions and all other requirements are established by state statute and City ordinance. A copy of CalPERS' annual financial report may be obtained online at [www.calpersca.gov](http://www.calpersca.gov).

(B) Funding Policy. The City has contributed at the actuarially determined rate provided by PERS' actuaries. Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City has a multiple tier retirement plan with benefits varying by plan. The City pays the employees' contribution to CalPERS for both miscellaneous and safety employees hired on or before specific dates as follows:

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Safety (Police):

- 1<sup>st</sup> Tier (RPOA, RPOA Supervisory & RPAA) - The retirement formula is 3% at age 50 for employees hired before February 16, 2012. The City pays the employee share (9%) of contributions on their behalf and for their account.
- 2<sup>nd</sup> Tier (RPOA only) - The retirement formula is 3% at age 50 and new employees hired on or after February 17, 2012 pay their share (9%) of contributions.
- 3<sup>rd</sup> Tier (RPOA, RPOA Supervisory & RPAA) – The retirement formula is 2.7% at age 57 for new members hired on or after January 1, 2013 and the employee must pay the employee share (9%). Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

Safety (Fire):

- 1<sup>st</sup> Tier - The retirement formula is 3% at age 50 for employees hired before June 11, 2011. The City pays the employee share (9%) of contributions on their behalf and for their account.
- 2<sup>nd</sup> Tier - The retirement formula is 3% at age 55 and new employees hired on or after June 11, 2011 pay their share (9%) of contributions.
- 3<sup>rd</sup> Tier – The retirement formula is 2.7% at age 57 for new members hired on or after January 1, 2013 and the employee must pay the employee share (9%). Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

Miscellaneous:

- 1<sup>st</sup> Tier - The retirement formula is 2.7% at age 55. The City pays the employee share (8%) of contributions on their behalf and for their account except for general SEIU employees, which contributed 4% in fiscal year 2014/15, with the City paying the remaining 4% of the employee share.
- 2<sup>nd</sup> Tier - The retirement formula is 2.7% at age 55, and:
  - SEIU and SEIU Refuse employees hired on or after June 7, 2011 pay their share (8%) of contributions.
  - All other miscellaneous employees hired on or after October 19, 2011 pay their share (8%) of contributions.
- 3<sup>rd</sup> Tier – The retirement formula is 2% at age 62 for new members hired on or after January 1, 2013 and the employee must pay the employee share ranging from 7-8% based on bargaining group classification. Classic members (CalPERS members prior to

12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

The contribution requirements of plan members and the City are established and may be amended by CalPERS.

(C) Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit Level III, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

(D) Employees Covered - At June 30, 2015, the following employees were covered by the benefit terms of each Plan: Inactive employees or beneficiaries currently receiving benefits are 1,846 and 671 for the Miscellaneous and Safety Plans, respectively. Inactive employees entitled to but not yet receiving benefits are 1,267 and 159 for Miscellaneous and Safety Plans, respectively. Active employees were 1,567 and 577 for Miscellaneous and Safety Plans, respectively.

(E) Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

(F) Net Pension Liability - The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures.

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A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions		
Discount Rate	7.5%	7.5%
Inflation	2.75%	2.75%
Payroll Growth Projected Salary Increase	3.0%	3.0%
Investment Rate of Return	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Mortality	7.5% (2)	7.5% (2)
	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund

(PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 68 through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 – 10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3.0% used for this period

**(G) Changes in the Net Pension Liability**

The changes in the Net Pension Liability for each Plan follows:

<i>Miscellaneous</i>	Increase (Decrease) Plan		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$1,146,583	\$848,699	\$297,884
Changes in the year:			
Service Cost	23,320	-	23,320
Interest on the Total Pension Liability	84,966	-	84,966
Contribution – employer	-	27,584	(27,584)
Contribution – employee	-	2,294	(2,294)
Net Investment Income	-	145,843	(145,843)
Benefit Payments, including Refunds of Employee Contributions	(50,770)	(50,770)	-
Net Changes	\$ 57,516	\$ 124,951	\$ (67,435)
Balance at June 30, 2015	<u>\$1,204,099</u>	<u>\$ 973,650</u>	<u>\$ 230,449</u>

*Safety*

	Increase (Decrease) Plan		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$ 840,066	\$ 620,069	\$ 219,997
Changes in the year:			
Service Cost	18,818	-	18,818
Interest on the Total Pension Liability	62,250	-	62,250
Contribution – employer	-	23,156	(23,156)
Contribution – employee	-	366	(366)
Net Investment Income	-	107,032	(107,032)
Benefit Payments, including Refunds of Employee Contributions	(38,891)	(38,981)	-
Net Changes	\$ 42,087	\$ 91,573	\$ (49,486)
Balance at June 30, 2015	<u>\$ 882,153</u>	<u>\$ 711,642</u>	<u>\$ 170,511</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<i>Miscellaneous</i>	Discount Rate	Current Discount Rate	Discount Rate
	-1% (6.5%)	(7.50%)	+1% (8.5%)
Plan's Net Pension Liability/(Asset)	\$ 392,001	\$ 230,449	\$ 97,035
<i>Safety</i>			
	Discount Rate	Current Discount Rate	Discount Rate
	-1% (6.5%)	(7.50%)	+1% (8.5%)
Plan's Net Pension Liability/(Asset)	\$ 288,694	\$ 170,511	\$ 73,153

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

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**H. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions.**

For the year ended June 30, 2015, the City recognized pension expense of \$68,291. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 34,509	\$ -
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(66,597)
<b>Total</b>	<b>\$ 34,509</b>	<b>\$ (66,597)</b>

Safety Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 29,966	\$ -
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(48,947)
<b>Total</b>	<b>\$ 29,966</b>	<b>\$ (48,947)</b>

\$64,475 will be reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year	Miscellaneous	Safety
2016	\$ (16,649)	\$ (12,237)
2017	(16,549)	(12,237)
2018	(16,549)	(12,237)
2019	(16,549)	(12,237)
Thereafter	-	-

**16. Other Post-Employment Benefits**

The City provides healthcare benefits to retirees in the form of an implied rate subsidy. Retirees and active employees are insured together as a group, thus creating a lower rate for retirees than if they were insured separately. Although the retirees are solely responsible for the cost of their health insurance benefits through this plan, the retirees receive the benefit of a lower rate. The difference between these amounts is the implied rate subsidy, which is considered an other post-employment benefit (OPEB) under GASB 45.

Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies. However, the retiree benefit continues to the surviving spouse if the retiree elects the CalPERS survivor annuity.

The contribution requirements are established by the City Council. The City is not required by law or contractual agreement to provide funding other than the pay-as-you-go amount necessary to provide current benefits to eligible retirees and beneficiaries.

The City's annual OPEB cost (expense) is reported based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) (UAAL) over a period not to exceed thirty years. The ARC for the year ended June 30, 2015 was \$5,060, which consisted of normal cost of \$2,629 and UAAL amortization of \$2,431. The ARC as a percentage of payroll was 3.2% for the year ended June 30, 2015.

As of June 30, 2013, the most recent actuarial valuation date, the OPEB plan was 0.0% funded. The actuarial accrued liability for benefits was \$47 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$47 million.

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Determination of the Net OPEB Obligation as of June 30, 2015:

Annual required contribution	\$ 5,061
Interest on net OPEB obligation	1,110
Amortization of net OPEB obligation	<u>(1,149)</u>
Annual OPEB cost	5,022
Less contributions made	<u>(1,431)</u>
Increase in net OPEB obligation	3,591
Net OPEB liability, beginning of year	<u>25,842</u>
Net OPEB liability, end of year	<u>\$29,433</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The method used by the actuary was the entry age normal cost method. The actuarial assumptions included (a) discount rate of 4.30%, (b) 2.75% inflation, (c) projected salary increases of 3.00% annually and (d) healthcare cost trend rates ranging from 5.0% to 7.0%.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the city and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

*Three-year trend information:*

Fiscal Year <u>June 30,</u>	<u>ARC</u>	<u>Actual Contributions</u>	<u>% of ARC Contributed</u>
2013	\$6,011	\$1,626	27%
2014	4,913	1,232	25%
2015	5,061	1,431	28%

Fiscal Year <u>June 30,</u>	<u>Annual OPEB Cost</u>	<u>% of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$6,147	26%	\$22,317
2014	4,756	26%	25,842
2015	5,022	28%	29,433

The table below displays the funding progress of the plan and is based upon the most recent actuarial valuation data:

Actuarial Valuation <u>Date</u>	Actuarial Accrued <u>Liability</u>	Actuarial Value of <u>Assets</u>	Unfunded Actuarial Liability <u>(UL)</u>	Funded <u>Ratio</u>	Annual Covered <u>Payroll</u>	UL as a % of Covered <u>Payroll</u>
6/30/13	\$47,195	\$ -	\$47,195	0%	\$153,077	31%

17. Commitments and Contingencies

A. Long-Term Electric Utility Commitments

Intermountain Power Agency

The Electric Utility has entered into a power purchase contract with Intermountain Power Agency (IPA) for the delivery of electric power. The Electric Utility's share of IPA power is equal to 7.6 percent, or approximately 137.1 MW, of the net generation output of IPA's 1,800 MW coal-fueled generating station located in central Utah. The contract expires in 2027 and the debt fully matures in 2024.

The contract constitutes an obligation of the Electric Utility to make payments solely from operating revenues. The power purchase contract requires the Electric Utility to pay certain minimum charges that are based on debt service requirements. Such payments are considered a cost of production.

Southern California Public Power Authority

On November 1, 1980, the City of Riverside joined with the Imperial Irrigation District and the cities of Los Angeles, Anaheim, Vernon, Azusa, Banning, Colton, Burbank, Glendale and Pasadena to create the Southern California Public Power Authority (SCPPA) by a Joint Powers Agreement under the laws of the State of California. As of July 2001, the City of Cerritos was admitted as a member. The primary purpose of SCPPA is to plan, finance, develop, acquire, construct, operate and maintain projects for the generation and transmission of electric energy for sale to its participants. SCPPA is governed by a Board of Directors, which consists of one representative for each of the members. During the 2014-15 and 2013-14 fiscal years, the



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Electric Utility paid approximately \$20,242 and \$17,440, respectively, to SCPPA under various take-or-pay contracts. These payments are reflected as a component of maintenance and operation expense in the financial statements.

The projects and the Electric Utility's proportionate share of SCPPA's obligations, including final maturities and contract expirations are as follows:

<u>Project</u>	<u>Percent Share</u>	<u>Entitlement</u>
Palo Verde Nuclear Generating Station (PV)	5.4%	12.3MW
Southern Transmission System (STS)	10.2%	244.0MW
Hoover Dam Uprating (Hoover)	31.9%	30.0MW
Mead – Phoenix Transmission (MPP)	4.0%	18.0MW
Mead – Adelanto Transmission (MAT)	13.5%	118.0MW

Terms of Take or Pay Commitments

As part of the take-or-pay commitments with IPA and SCPPA, the Electric Utility has agreed to pay its share of current and long-term obligations. Management intends to pay these obligations from operating revenues received during the year that payment is due. A long-term obligation has not been recorded on the accompanying financial statements for these commitments. Take-or-pay commitments terminate upon the later of contract expiration or final maturity of outstanding bonds for each project.

Outstanding debts associated with the take-or-pay obligations have variable interest rates for the Palo Verde Nuclear Generating Station Project and the remaining projects have fixed interest rates which range from 0.20 percent to 6.13 percent. The schedule below details the amount of principal and interest that is due and payable by the Electric Utility as part of the take-or-pay contract for each project in the fiscal year indicated.

<u>Fiscal Year</u>	<u>SCPPA</u>						<u>Total</u>
	<u>IPA</u>	<u>PV</u>	<u>STS</u>	<u>Hoover</u>	<u>MPP</u>	<u>MAT</u>	
2016	\$ 16,505	\$ 672	\$ 8,128	\$ 701	\$ 269	\$ 3,014	\$ 29,289
2017	11,647	675	8,241	700	262	2,952	24,477
2018	16,972	679	8,077	699	258	2,910	29,595
2019	18,600	-	7,984	-	257	2,882	29,723
2020	18,095	-	7,001	-	254	2,859	28,209
Thereafter	37,315	-	46,454	-	189	2,136	86,094
<b>Total</b>	<b>\$119,134</b>	<b>\$ 2,026</b>	<b>\$85,885</b>	<b>\$ 2,100</b>	<b>\$ 1,489</b>	<b>\$16,753</b>	<b>\$227,387</b>

Final maturities of outstanding debt associated with take-or-pay obligations and related contract expirations are as follows:

<u>Project</u>	<u>Final Maturity</u>	<u>Contract Expiration</u>
Palo Verde Nuclear Generating Station	2017	2030
Southern Transmission System	2027	2027
Hoover Dam Uprating	2017	2017
Mead – Phoenix Transmission	2020	2030
Mead – Adelanto Transmission	2020	2030

In addition to debt service, Riverside's entitlements require the payment of fuel costs, operating and maintenance, administrative and general and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service and vary each year.

The costs incurred for the year ended June 30, 2015 and 2014, are as follows (in thousands):

<u>Fiscal Year</u>	<u>IPA</u>	<u>PV</u>	<u>STS</u>	<u>Hoover</u>	<u>MPT</u>	<u>MAT</u>	<u>Total</u>
2015	\$23,426	\$2,628	\$2,731	\$ 113	\$ 145	\$ 285	\$29,328
2014	\$24,466	\$2,416	\$3,296	\$ 104	\$ 50	\$ 312	\$30,644

These costs are reflected as a component of maintenance and operation expense on the statement of revenues, expenses and changes in net position.

**B. Other Commitments**

**Power Purchase Agreements:**

The Electric Utility has a firm power purchase agreement with Bonneville Power Administration (BPA) for the purchase of capacity (50 megawatts during the summer months and 13 megawatts during the winter months) beginning April 30, 1996, for 20 years. Effective May 1, 1998, these summer and winter capacity amounts increased to 60 megawatts and 15 megawatts, respectively, for the remainder of the second agreement. On January 29, 2013, Riverside revised the delivery and return portion of the agreement to allow for a flat 40 MW of delivery during May and June through calendar year 2013, 2014 and 2015. The Agreement with BPA will terminate on May 1, 2016.

On April 12, 2011, the California Renewable Energy Resources Act (SB 2 (1X)) was passed by the State Legislative and signed by the Governor. SB 2 (1X) revised the amount of statewide retail electricity sales from renewable

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resources in the State Renewable Energy Resources Program to 33% by December 31, 2020 in three stages: average of 20% of retail sales during 2011-2013; 25% of retail sales by December 31, 2016; and 33% of retail sales by December 31, 2020. The Riverside Public Utilities Board and City Council approved the enforcement program required by SB 2 (1X) on November 18, 2011 and December 13, 2011, respectively, and further approved the City's RPS Procurement plan implementing the new RPS mandates on May 3, 2013 and May 14, 2013, respectively. It is expected that the City will be able to meet the new mandates with new resource procurement actions as outlined in the City's RPS Procurement Plan. For Calendar year 2014, renewable resources provided 18% of retail sales requirements.

In an effort to increase the share of renewables in the Electric Utility's power portfolio, the Electric Utility entered into power purchase agreements with various entities described below on a "take-and-pay" basis. The contracts in the following table were executed as part of compliance with this standard.

Long-term renewable power purchase agreements:

Supplier	Type	Maximum Contract	Contract Expiration	Estimated Annual Cost for 2016
Salton Sea Power LLC	Geothermal	46.0MW	5/31/20	\$ 26,709
Wintec	Wind	1.3MW	12/30/18	208
WKN Wagner	Wind	6.0MW	12/22/32	1,032
AP North Lake	Photovoltaic	20.0MW	8/11/40	4,063
Dominion Columbia II	Photovoltaic	11.1MW	12/31/34	2,320
Cabazon Wind	Wind	<u>39.0MW</u>	1/1/25	<u>4,311</u>
		<u>123.4MW</u>		<u>\$38,643</u>

Supplier	Type	Maximum Contract <sup>1</sup>	Expected Delivery	Energy Delivery No Later Than	Contract Term In Years
CalEnergy	Geothermal	86.0MW	2/11/16	2/11/16	25
FTP Solar					
Summer Solar	Photovoltaic	10.0MW	6/30/16	12/31/16	25
Antelope Big Sky Ranch	Photovoltaic	10.0MW	6/30/16	12/31/16	25
Antelope DSR Solar	Photovoltaic	25.0MW	12/31/16	6/30/17	20
First Solar	Photovoltaic	14.0MW	12/31/15	6/30/16	20
Solar Star	Photovoltaic	<u>7.3MW</u>	9/30/15	12/31/15	25
		<u>152.3MW</u>			

<sup>1</sup>Contracts are contingent on energy production from specific related generating facilities. Riverside has no commitment to pay any amounts except for energy produced on a monthly basis from these facilities.

Construction Commitments:

As of June 30, 2015, the Sewer and Electric Utilities had approximately \$46 million and \$8 million, respectively, in major construction commitments related to unfinished capital projects. These construction commitments are expected to be funded primarily with current and future bond proceeds.

C. Jointly-Owned Utility Project - SONGS

The City has a 1.79% undivided ownership interest in Units 2 and 3 of SONGS, located south of the City of San Clemente in northern San Diego County; however, on June 7, 2013, Southern California Edison (SCE) announced in a press release its plan to retire Units 2 and 3 of SONGS permanently. Consequently, the units are no longer a source of supply for the Electric Utility, but remain associated with certain of its costs, including those associated with the units' shutdown and decommissioning.

SONGS was operated and maintained by SCE, under an agreement with the City and San Diego Gas & Electric Company (SDG&E), which expires upon termination of the easement for the plant in 2024. The three-member SONGS Board of Review approved the budget for capital expenditures and operating expenses. The City and the two other owners each had one representative on that board. The participation agreement provided that each owner was entitled to its proportionate share of benefits of, and paid its proportionate share of costs and liabilities incurred by SCE for, construction, operation and maintenance of the project; each owner's obligation was several, and not joint or collective.

In 2005, the CPUC authorized a project to install four new steam generators in Units 2 and 3 at SONGS and remove and dispose of the predecessor generators. SCE completed the installation of these steam generators in 2010 and 2011 for Units 2 and 3, respectively. Replacement of the steam generators was expected to enable plant operations to continue through at least 2022, and perhaps beyond, subject to the approval of the Nuclear Regulatory Commission (NRC).

In January 2012, a water leak occurred in one of the heat transfer tubes of Unit 3's steam generators, causing it to be shut down. At that time, Unit 2 was off-line for a planned outage when unexpected wear in areas of tube-to-support structure were found. Units 2 and 3 remained off-line for extensive

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inspections, testing and analysis of their steam generators. On June 7, 2013, SCE unilaterally announced its plan to retire Units 2 and 3 permanently. The current plant site easement for SONGS terminates on May 12, 2024 and would need to be extended in order for the plant to be decommissioned and the site restored.

As a result of SCE's decision to permanently retire SONGS Units 2 and 3, SCE has begun the decommissioning phase of the plant. The process of decommissioning a nuclear power plant is governed by NRC regulations. The regulations categorize the decommissioning activities into three phases: initial activities, major decommissioning and storage activities, and license termination. Initial activities include providing notice of permanent cessation of operations (accomplished on June 12, 2013) and notice of permanent removal of fuel from the reactor vessels (provided by SCE to the NRC on June 28 and July 22, 2013 for Units 3 and 2, respectively). Within two years after the announcement of retirement, SCE, as the operating licensee must submit a post-shutdown decommissioning activities report, an irradiated fuel management plan and a site-specific decommissioning cost estimate. SCE submitted these documents to the NRC in the summer of 2015, and the NRC has reviewed and approved these documents. According to the document, total decommissioning costs for Units 2 and 3 are estimated at \$4.4 million of which the Utility's share is \$73 million.

As of June 30, 2015, the Utility has set aside \$80 million in cash investments with the trustee and \$3.3 million in an internally restricted decommissioning reserve for the City's share of the decommissioning costs.

There are no separate financial statements for the jointly-owned utility plant since each participant's interests in the utility plant and operating expenses are included in their respective financial statements. The Electric Utility's portion of current and long-term debt associated with the decommissioning of SONGS is included in the accompanying financial statements.

#### Replacement Power Costs

During the outage, the City has procured replacement power to serve its customers' requirements. These costs are in addition to the operating and maintenance expenses paid annually during normal operations. Replacement power costs incurred by the City as a result of the outage (commencing on January 31, 2012 for Unit 3 and March 5, 2012 for Unit 2) were approximately \$13.2 million and are reported as regulatory assets on the Statements of Net Position. During fiscal years June 30, 2014 and 2015, the Electric Utility paid for its share of ongoing operating costs and replacement power related to SONGS from current rate revenue.

Additionally, in the current year, the regulatory asset created was written-off as current rate revenues were adequate to absorb the previously incurred costs thus no longer requiring them to be deferred. The Electric Utility is in the process of calculating any additional costs associated with the unexpected shutdown of SONGS and will seek recovery of any such costs, as set forth herein.

#### Contractual Matters

The replacement steam generators for Units 2 and 3 were designed and manufactured by Mitsubishi Heavy Industries (MHI) and were warranted for an initial period of 20 years from acceptance. MHI was contractually obligated to repair or replace defective items and to pay specified damages for certain repairs. MHI's liability under the purchase agreement is limited to \$138 million and excludes consequential damages, defined to include "the cost of replacement power." The limitations are subject to certain exceptions.

There are insurance policies for both property damage and accidental outage issued by Nuclear Electric Insurance Limited (NEIL), and SCE has notified NEIL of claims under the two policies. The City is a named insured on the SCE insurance policies covering SONGS and will assist SCE in pursuing claims recoveries from NEIL, but there is no assurance that the City will recover all or any of its applicable costs under these arrangements. To the extent that any third-party recoveries are made, they will reduce cost to the Electric Utility.

As a result of the decision by SCE to permanently retire Units 2 and 3 of SONGS prior to the expiration of the NRC licenses, the City expects to incur certain costs resulting from the early termination of long-term uranium fuel supply contracts. The Utility is in the process of calculating those damages in preparation for an arbitration hearing set for March 2016 between SCE and MHI and will seek recovery of all such damages in that venue.

#### 18. Prior Period Adjustment

A prior period adjustment of \$421,829 was made to decrease the governmental activities' beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.

The restatement of beginning net position of the governmental activities is summarized as follows:

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Governmental Activities

Net position at July 1, 2014, as previously stated	\$ 1,200,922
Net pension liability adjustment	<u>(421,829)</u>
Net position at July 1, 2014, as restated	<u>\$ 779,093</u>

A prior period adjustment of \$167,498 was made to decrease the business-type activities' beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.

The restatement of beginning net position of the major and non-major business-type activities is summarized as follows:

Electric Fund

Net position at July 1, 2014, as previously stated	\$ 483,975
Net pension liability adjustment	<u>(94,958)</u>
Net position at July 1, 2014, as restated	<u>\$ 389,017</u>

Water Fund

Net position at July 1, 2014, as previously stated	\$ 332,730
Net pension liability adjustment	<u>(35,214)</u>
Net position at July 1, 2014, as restated	<u>\$ 297,516</u>

Sewer Fund

Net position at July 1, 2014, as previously stated	\$ 170,983
Net pension liability adjustment	<u>(22,800)</u>
Net position at July 1, 2014, as restated	<u>\$ 148,183</u>

Non-Major Business-Type activities

Net position at July 1, 2014, as previously stated	\$ 57,361
Net pension liability adjustment	<u>(14,526)</u>
Net position at July 1, 2014, as restated	<u>\$ 42,835</u>

19. Subsequent Event

On June 23, 2015, the City Council approved a purchase and sale agreement between the City and NNN Mission Square, LLC for the acquisition of the Mission Square office building, a six-story, 127,533 square foot office space located in downtown City of Riverside. The Electric Utility currently leases and occupies three floors of the building as office space. The total cost includes purchase price of \$37,950 and estimated closing costs of approximately \$45 for an all-in cost of \$37,995. Escrow closed on October 13, 2015.

On September 22, 2015, Senate Bill 107, which amends various sections of the California Health and Safety Code related to the dissolution of redevelopment agencies, was signed into law by Governor Jerry Brown. SB 107 contains various provisions which may impact, among other things, (i) the treatment of City loans to the Successor Agency to pay enforceable obligations, including bonded debt, and administrative costs, and (ii) the treatment of certain special levies. The City is currently assessing the impact of this bill, if any, to the Successor Agency.

On October 12, 2015, the owners of SONGS reached a \$400,000 settlement with NEIL for the outages caused by the failures of replacement steam generators. The Electric Utility's allocation of the settlement will be approximately \$7,160. The owners of SONGS will continue to seek additional damages for the defective steam generators supplied by MHI and Mitsubishi Nuclear Energy Systems. For further details regarding the closure of SONGS, refer to Note 17 above.

## Required Supplementary Information

### Consists of the following:

- Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period
- Schedule of Plan Contributions
- Other Post-Employment Benefits (OPEB) Funding Progress

**CITY OF RIVERSIDE  
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**

**Schedule of Changes in Net Pension Liability and Related Ratios During the  
Measurement Period  
Last 10 Years\***

	<b>2014-15</b>	
	<u>Miscellaneous</u>	<u>Safety</u>
<b>TOTAL PENSION LIABILITY</b>		
Service Cost	\$ 23,320,284	\$ 18,818,364
Interest	84,964,352	62,248,895
Benefit Payments, Including Refunds and Employee Contribution	<u>(50,770,074)</u>	<u>(38,980,874)</u>
<b>Net Change in Total Pension Liability</b>	<b>57,514,562</b>	<b>42,086,385</b>
<b>Total Pension Liability - Beginning</b>	<b>1,146,582,938</b>	<b>840,066,525</b>
<b>Total Pension Liability - Ending (a)</b>	<b><u>\$ 1,204,097,500</u></b>	<b><u>\$ 882,152,910</u></b>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - Employer	\$ 27,583,488	\$ 23,156,141
Contributions - Employee	2,294,236	365,244
Net Investment Income	145,842,558	107,031,682
Benefit Payments, Including Refunds and Employee Contribution	<u>(50,770,074)</u>	<u>(38,980,874)</u>
<b>Net Change in Fiduciary Net Position</b>	<b>124,950,208</b>	<b>91,572,193</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>848,698,751</b>	<b>620,069,173</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b><u>973,648,959</u></b>	<b><u>711,641,366</u></b>
<b>Plan Net Pension Liability Ending (a)-(b)</b>	<b><u>\$ 230,448,541</u></b>	<b><u>\$ 170,511,544</u></b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>80.86%</b>	<b>80.67%</b>
<b>Covered - Employee Payroll</b>	<b>\$ 113,868,574</b>	<b>\$ 64,714,619</b>
<b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	<b>202.38%</b>	<b>263.48%</b>

\* - Historical information is required only for measurement periods where GASB 68 is applicable.

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit.

Changes of Assumptions: There were no changes in assumptions.

**CITY OF RIVERSIDE  
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**

**Schedule of Plan Contributions**

Last 10 Years \*

	<u>2014-15 *</u>		<u>2013-14 *</u>	
	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>
Actuarially Determined Contribution	\$ 20,504,849	\$ 17,340,620	\$ 21,634,175	\$ 18,378,574
Contributions in Relation to the Actuarially Determined Contribution	(20,504,849)	(17,340,620)	(21,634,175)	(18,378,574)
Contribution Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - Employee Payroll	113,868,574	64,714,619	110,552,014	62,829,727
Contributions as a Percentage of Covered - Employee Payroll	18.01%	26.80%	19.57%	29.25%

**Notes to Schedule**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were from the June 30, 2012 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50% Net Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* - Historical information is required only for measurement periods where GASB 68 is applicable.

**CITY OF RIVERSIDE  
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED  
SUMMARY OF OTHER POST EMPLOYMENT BENEFITS FUNDING PROGRESS (THOUSANDS)**

**Other Post-Employment Benefits - Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability AVA	Funded Ratios AVA	Annual Covered Payroll	UL as a % of Payroll
June 30, 2013	-	\$ 47,195	\$ 47,195	-	\$ 153,077	31%
June 30, 2011	-	56,060	56,060	-	149,321	38%
June 30, 2009	-	54,869	54,869	-	132,275	41%



## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

**Special Revenue Funds** are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Urban Areas Security Initiative (UASI) Fund** – To account for UASI grants received from the U.S. Department of Homeland Security.

**Gas Tax Fund** – To account for the construction and maintenance of the road network system of the City. Financing is provided by the City's share of state gasoline taxes which state law requires to be used to maintain streets.

**Air Quality Improvements Fund** – To account for qualified air pollution reduction programs funded by the South Coast Air Quality Management District.

**Housing & Community Development Fund** – To account for Federal grants received from the Department of Housing and Urban Development (HUD). The grants are used for the development of a viable urban community by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons with low and moderate incomes.

**National Pollution Discharge Elimination System (NPDES) Storm Drain Fund** – To account for storm drain maintenance and inspection required for California storm water permits. Activities are funded by a special assessment district of Riverside County, California.

**Housing Fund** – To account for the housing activities for persons with low or moderate income.

### **Capital Projects Funds**

**Capital Projects Funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**Special Capital Improvement Fund** – To account for the acquisition, construction and installation of capital improvements and a Community Facilities District within the City.

**Storm Drain Fund** – To account for the acquisition, construction and installation of storm drains in the City.

**Transportation Fund** – To account for the construction and installation of street and highway improvements in accordance with Articles 3 and 8 of the Transportation Development Act of 1971 of the State of California.

### **Debt Service Fund**

**Debt Service Funds** are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

The **General Debt Service Fund** accounts for the resources accumulated and payments made for principal, interest and related costs on long-term general obligation debt of governmental funds.

### **Permanent Fund**

**Permanent Funds** are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Library Special Fund** – To account for the monies held in trust for the benefit of the Riverside City Public Library System.

City of Riverside  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015  
(amounts expressed in thousands)

<b>Special Revenue</b>							
<b>Assets</b>	<b>Urban Areas Security Initiative</b>	<b>Gas Tax</b>	<b>Air Quality Improvements</b>	<b>Housing &amp; Community Development</b>	<b>NPDES Storm Drain</b>	<b>Housing</b>	<b>Total</b>
Cash and investments	\$ -	\$ 17,756	\$ 642	\$ 1,110	\$ 24	\$ 4,133	\$ 23,665
Cash and investments at fiscal agent	-	-	-	-	-	-	-
Receivable (net of allowance for uncollectibles):							
Interest	-	61	2	2	-	19	84
Accounts	-	-	-	2	-	-	2
Intergovernmental	84	184	96	2,448	409	-	3,221
Notes	-	-	-	13,602	-	22,992	36,594
Prepaid items	-	-	-	4	-	-	4
Advances to Successor Agency	-	-	-	-	-	16,524	16,524
Land & improvements held for resale	-	-	-	1,310	-	2,856	4,166
Total assets	<u>\$ 84</u>	<u>\$ 18,001</u>	<u>\$ 740</u>	<u>\$ 18,478</u>	<u>\$ 433</u>	<u>\$ 46,524</u>	<u>\$ 84,260</u>
<b>Liabilities</b>							
Accounts payable	\$ 1	\$ 308	\$ 11	\$ 610	\$ -	\$ 12	\$ 942
Accrued payroll	-	-	-	20	-	18	38
Retainage payable	-	1,057	-	-	-	-	1,057
Deposits	-	-	-	-	-	3	3
Due to other funds	83	-	-	-	-	-	83
Advance from other funds	-	-	-	491	-	458	949
Total liabilities	<u>84</u>	<u>1,365</u>	<u>11</u>	<u>1,121</u>	<u>-</u>	<u>491</u>	<u>3,072</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	-	-	-	14,912	-	22,955	37,867
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,912</u>	<u>-</u>	<u>22,955</u>	<u>37,867</u>
<b>Fund Balances (Deficits)</b>							
Nonspendable:							
Advances	-	-	-	-	-	16,524	16,524
Restricted for:							
Housing and redevelopment	-	-	-	2,445	-	6,554	8,999
Transportation and public works	-	16,636	729	-	433	-	17,798
Total fund balances	<u>-</u>	<u>16,636</u>	<u>729</u>	<u>2,445</u>	<u>433</u>	<u>23,078</u>	<u>43,321</u>
Total liabilities deferred inflows of resources, and fund balances	<u>\$ 84</u>	<u>\$ 18,001</u>	<u>\$ 740</u>	<u>\$ 18,478</u>	<u>\$ 433</u>	<u>\$ 46,524</u>	<u>\$ 84,260</u>

City of Riverside  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015  
(amounts expressed in thousands)

Assets	Capital Projects				General Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
	Special Capital Improvement	Storm Drain	Transportation	Total		Library Special	
Cash and investments	\$ 3,827	\$ 1,632	\$ -	\$ 5,459	\$ 775	\$ 1,625	\$ 31,524
Cash and investments at fiscal agent	750	-	-	750	10,334	-	11,084
Receivable (net of allowance for uncollectibles):							
Interest	13	6	-	19	3	-	106
Accounts	-	-	189	189	28	-	219
Intergovernmental	-	3,195	134	3,329	-	-	6,550
Notes	-	-	-	-	-	-	36,594
Prepaid items	-	-	-	-	-	-	4
Advances to Successor Agency	-	-	-	-	18,753	-	35,277
Land & improvements held for resale	-	-	-	-	-	-	4,166
Total assets	<u>\$ 4,590</u>	<u>\$ 4,833</u>	<u>\$ 323</u>	<u>\$ 9,746</u>	<u>\$ 29,893</u>	<u>\$ 1,625</u>	<u>\$ 125,524</u>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ 220	\$ 19	\$ 239	\$ 115	\$ -	\$ 1,296
Accrued payroll	-	-	-	-	-	-	38
Retainage payable	15	-	-	15	-	-	1,072
Deposits	-	-	-	-	-	-	3
Due to other funds	-	-	234	234	-	-	317
Advance from other funds	6,862	-	-	6,862	3,575	-	11,386
Total liabilities	<u>6,877</u>	<u>220</u>	<u>253</u>	<u>7,350</u>	<u>3,690</u>	<u>-</u>	<u>14,112</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	-	-	134	134	-	-	38,001
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>134</u>	<u>134</u>	<u>-</u>	<u>-</u>	<u>38,001</u>
<b>Fund Balances (Deficits)</b>							
Nonspendable:							
Advances	-	-	-	-	18,753	-	35,277
Permanent fund principal	-	-	-	-	-	1,625	1,625
Restricted for:							
Housing and redevelopment	-	-	-	-	-	-	8,999
Debt service	-	-	-	-	7,450	-	7,450
Transportation and public works	-	-	(64)	(64)	-	-	17,734
Other purposes	-	4,613	-	4,613	-	-	4,613
Unassigned	(2,287)	-	-	(2,287)	-	-	(2,287)
Total fund balances (deficits)	<u>(2,287)</u>	<u>4,613</u>	<u>(64)</u>	<u>2,262</u>	<u>26,203</u>	<u>1,625</u>	<u>73,411</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,590</u>	<u>\$ 4,833</u>	<u>\$ 323</u>	<u>\$ 9,746</u>	<u>\$ 29,893</u>	<u>\$ 1,625</u>	<u>\$ 125,524</u>

City of Riverside  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2015  
(amounts expressed in thousands)

	<b>Special Revenue</b>						
	<b>Urban Area Security Initiative</b>	<b>Gas Tax</b>	<b>Air Quality Improvement</b>	<b>Housing &amp; Community Development</b>	<b>NPDES Storm Drain</b>	<b>Housing</b>	<b>Total</b>
<b>Revenues</b>							
Intergovernmental	\$ 1,012	\$ 8,728	\$ 388	\$ 6,800	\$ -	\$ -	\$ 16,928
Special assessments	-	-	-	-	905	-	905
Rental and investment income	-	146	5	27	-	120	298
Miscellaneous	-	-	253	221	-	439	913
Total revenues	<u>1,012</u>	<u>8,874</u>	<u>646</u>	<u>7,048</u>	<u>905</u>	<u>559</u>	<u>19,044</u>
<b>Expenditures</b>							
Current:							
General government	-	-	564	670	-	835	2,069
Public safety	1,012	-	-	-	-	-	1,012
Capital outlay	-	8,729	-	6,298	773	-	15,800
Debt service:							
Interest	-	-	-	11	-	4	15
Total expenditures	<u>1,012</u>	<u>8,729</u>	<u>564</u>	<u>6,979</u>	<u>773</u>	<u>839</u>	<u>18,896</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>145</u>	<u>82</u>	<u>69</u>	<u>132</u>	<u>(280)</u>	<u>148</u>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	961	-	-	961
Transfers out	-	-	-	-	-	(1,094)	(1,094)
Loss on retirement of capital assets	-	-	-	-	-	(356)	(356)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>961</u>	<u>-</u>	<u>(1,450)</u>	<u>(489)</u>
Net change in fund balances	<u>-</u>	<u>145</u>	<u>82</u>	<u>1,030</u>	<u>132</u>	<u>(1,730)</u>	<u>(341)</u>
Fund balances - beginning	<u>-</u>	<u>16,491</u>	<u>647</u>	<u>1,415</u>	<u>301</u>	<u>24,808</u>	<u>43,662</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 16,636</u>	<u>\$ 729</u>	<u>\$ 2,445</u>	<u>\$ 433</u>	<u>\$ 23,078</u>	<u>\$ 43,321</u>

**City of Riverside**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended June 30, 2015**  
**(amounts expressed in thousands)**

	<b>Capital Projects</b>				<b>General Debt Service</b>	<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Special Capital Improvement</b>	<b>Storm Drain</b>	<b>Transportation</b>	<b>Total</b>		<b>Library Special</b>	
<b>Revenues</b>							
Licenses and permits	\$ 2,427	\$ 241	\$ -	\$ 2,668	\$ -	\$ -	\$ 2,668
Intergovernmental	-	3,317	280	3,597	-	-	20,525
Special assessments	-	-	-	-	1,069	-	1,974
Rental and investment income	29	15	-	44	1,614	11	1,967
Miscellaneous	-	-	-	-	458	276	1,647
Total revenues	<u>2,456</u>	<u>3,573</u>	<u>280</u>	<u>6,309</u>	<u>3,141</u>	<u>287</u>	<u>28,781</u>
<b>Expenditures</b>							
Current:							
General government	1,657	33	-	1,690	13	-	3,772
Public safety	-	-	-	-	-	-	1,012
Culture and recreation	-	-	-	-	-	122	122
Capital outlay	1,294	981	414	2,689	-	-	18,489
Debt service:							
Principal	-	-	-	-	7,207	-	7,207
Interest	59	-	-	59	11,034	-	11,108
Total expenditures	<u>3,010</u>	<u>1,014</u>	<u>414</u>	<u>4,438</u>	<u>18,254</u>	<u>122</u>	<u>41,710</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(554)</u>	<u>2,559</u>	<u>(134)</u>	<u>1,871</u>	<u>(15,113)</u>	<u>165</u>	<u>(12,929)</u>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	15,139	-	16,100
Transfers out	-	-	-	-	-	-	(1,094)
Loss on retirement of capital assets	-	-	-	-	-	-	(356)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,139</u>	<u>-</u>	<u>14,650</u>
Net change in fund balances	<u>(554)</u>	<u>2,559</u>	<u>(134)</u>	<u>1,871</u>	<u>26</u>	<u>165</u>	<u>1,721</u>
Fund balances - beginning	<u>(1,733)</u>	<u>2,054</u>	<u>70</u>	<u>391</u>	<u>26,177</u>	<u>1,460</u>	<u>71,690</u>
Fund balances - ending	<u>\$ (2,287)</u>	<u>\$ 4,613</u>	<u>\$ (64)</u>	<u>\$ 2,262</u>	<u>\$ 26,203</u>	<u>\$ 1,625</u>	<u>\$ 73,411</u>

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2015  
(amounts expressed in thousands)

	Special Revenue								
	Urban Area Security Initiative			Gas Tax			Air Quality Improvement		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
<b>Revenues</b>									
Intergovernmental	\$ 1,676	\$ 1,012	\$ (664)	\$ 7,696	\$ 8,728	\$ 1,032	\$ 360	\$ 388	\$ 28
Rental and investment income	-	-	-	150	146	(4)	-	5	5
Miscellaneous	-	-	-	-	-	-	233	253	20
Total revenues	<u>1,676</u>	<u>1,012</u>	<u>(664)</u>	<u>7,846</u>	<u>8,874</u>	<u>1,028</u>	<u>593</u>	<u>646</u>	<u>53</u>
<b>Expenditures</b>									
Current:									
General government	-	-	-	-	-	-	946	564	382
Public safety	1,676	1,012	664	-	-	-	-	-	-
Capital outlay	-	-	-	22,072	8,729	13,343	-	-	-
Total expenditures	<u>1,676</u>	<u>1,012</u>	<u>664</u>	<u>22,072</u>	<u>8,729</u>	<u>13,343</u>	<u>946</u>	<u>564</u>	<u>382</u>
Net change in fund balances	-	-	-	(14,226)	145	14,371	(353)	82	435
Fund balances (deficit), beginning	-	-	-	16,491	16,491	-	647	647	-
Fund balances (deficit), ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,265</u>	<u>\$ 16,636</u>	<u>\$ 14,371</u>	<u>\$ 294</u>	<u>\$ 729</u>	<u>\$ 435</u>

(continued)

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2015  
(amounts expressed in thousands)

	Special Revenue								
	Housing & Community Development			NPDES Storm Drain			Housing		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
<b>Revenues</b>									
Intergovernmental	\$ 6,576	\$ 6,800	\$ 224	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	822	905	83	-	-	-
Rental and investment income	28	27	(1)	-	-	-	-	120	120
Miscellaneous	250	221	(29)	-	-	-	-	439	439
Total revenues	<u>6,854</u>	<u>7,048</u>	<u>194</u>	<u>822</u>	<u>905</u>	<u>83</u>	<u>-</u>	<u>559</u>	<u>559</u>
<b>Expenditures</b>									
Current:									
General government	2,145	670	1,475	-	-	-	1,200	835	365
Capital outlay	17,293	6,298	10,995	1,220	773	447	-	-	-
Debt service:									
Principal	26	-	26	-	-	-	-	-	-
Interest	14	11	3	-	-	-	6	4	2
Bond issuance costs	-	-	-	-	-	-	-	-	-
Total expenditures	<u>19,478</u>	<u>6,979</u>	<u>12,499</u>	<u>1,220</u>	<u>773</u>	<u>447</u>	<u>1,206</u>	<u>839</u>	<u>367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,624)</u>	<u>69</u>	<u>(12,555)</u>	<u>(398)</u>	<u>132</u>	<u>530</u>	<u>(1,206)</u>	<u>(280)</u>	<u>926</u>
<b>Other financing sources (uses)</b>									
Transfers, net	-	961	961	-	-	-	-	(1,094)	(1,094)
Sale of capital assets	-	-	-	-	-	-	-	(356)	(356)
Total other financing sources (uses)	<u>-</u>	<u>961</u>	<u>961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,450)</u>	<u>(1,450)</u>
Net change in fund balances	(12,624)	1,030	(13,516)	(398)	132	530	(1,206)	(1,730)	(524)
Fund balances (deficit), beginning - as restated	1,415	1,415	-	301	301	-	24,808	24,808	-
Fund balances (deficit), ending	<u>\$ (11,209)</u>	<u>\$ 2,445</u>	<u>\$ (13,516)</u>	<u>\$ (97)</u>	<u>\$ 433</u>	<u>\$ 530</u>	<u>\$ 23,602</u>	<u>\$ 23,078</u>	<u>\$ (524)</u>

(continued)

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2015  
(amounts expressed in thousands)

	Capital Projects											
	Capital Outlay			Special Capital Improvement			Storm Drain		Transportation			
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
<b>Revenues</b>												
Licenses and permits	\$ -	\$ 10	\$ 10	\$ 3,120	\$ 2,427	\$ (693)	\$ 100	\$ 241	\$ 141	\$ -	\$ -	\$ -
Intergovernmental	55,278	18,913	(36,365)	-	-	-	3,729	3,317	(412)	414	280	(134)
Special assessments	125	303	178	-	-	-	-	-	-	-	-	-
Rental and investment income	170	291	121	-	29	29	50	15	(35)	-	-	-
Miscellaneous	-	112	112	-	-	-	-	-	-	-	-	-
Total revenues	<u>55,573</u>	<u>19,629</u>	<u>(35,944)</u>	<u>3,120</u>	<u>2,456</u>	<u>(664)</u>	<u>3,879</u>	<u>3,573</u>	<u>(306)</u>	<u>414</u>	<u>280</u>	<u>(134)</u>
<b>Expenditures</b>												
Current:												
General government	-	-	-	2,332	1,657	675	33	33	-	-	-	-
Capital outlay	93,257	36,672	56,585	3,583	1,294	2,289	5,308	981	4,327	414	414	-
Debt service:												
Interest	-	-	-	68	59	9	-	-	-	-	-	-
Bond issuance costs	738	-	738	-	-	-	-	-	-	-	-	-
Total expenditures	<u>93,995</u>	<u>36,672</u>	<u>57,323</u>	<u>5,983</u>	<u>3,010</u>	<u>2,973</u>	<u>5,341</u>	<u>1,014</u>	<u>4,327</u>	<u>414</u>	<u>414</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(38,422)</u>	<u>(17,043)</u>	<u>21,379</u>	<u>(2,863)</u>	<u>(554)</u>	<u>2,309</u>	<u>(1,462)</u>	<u>2,559</u>	<u>4,021</u>	<u>-</u>	<u>(134)</u>	<u>(134)</u>
<b>Other financing sources (uses)</b>												
Transfers out	(1,711)	(1,711)	-	-	-	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,711)</u>	<u>(1,711)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(40,133)	(18,754)	21,379	(2,863)	(554)	2,309	(1,462)	2,559	4,021	-	(134)	(134)
Fund balances (deficit), beginning	37,367	37,367	-	(1,733)	(1,733)	-	2,054	2,054	-	70	70	-
Fund balances (deficit), ending	<u>\$ (2,766)</u>	<u>\$ 18,613</u>	<u>\$ 21,379</u>	<u>\$ (4,596)</u>	<u>\$ (2,287)</u>	<u>\$ 2,309</u>	<u>\$ 592</u>	<u>\$ 4,613</u>	<u>\$ 4,021</u>	<u>\$ 70</u>	<u>\$ (64)</u>	<u>\$ (134)</u>



## **Nonmajor Enterprise Funds**

**Enterprise Funds** are used to account for the operations that are financed and operated in a manner similar to private business enterprises. The City's intent is to demonstrate that the cost of services provided to the general public on a continuing basis is financed or recovered through user charges; or the City has decided that the periodic determination of net income is appropriate for accountability purposes.

**Airport Fund** – To account for the operations of the City's airport.

**Refuse Fund** – To account for the operations of the City's solid waste and sanitation program which provides for the collection and disposal of solid waste on a user charge basis to residents and businesses.

**Transportation** – To account for the operations of the City's Senior Citizens' and Handicapped Transportation System in accordance with Article 4 of the Transportation Development Act of 1971 (SB325) of the State of California. Federal Transit Administration Funds are also accounted for in this fund.

**Public Parking** – To account for the operations and construction of the City's public parking facilities.

**City of Riverside**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2015**  
**(amounts expressed in thousands)**

<b>Assets</b>	<b>Airport</b>	<b>Refuse</b>	<b>Transportation</b>	<b>Public Parking</b>	<b>Total</b>
Current assets:					
Cash and investments	\$ 839	\$ 3,782	\$ 1,393	\$ -	\$ 6,014
Receivables (net of allowance for uncollectibles)					
Interest	1	21	4	-	26
Utility billed	-	1,127	-	-	1,127
Utility unbilled	-	719	-	-	719
Accounts	67	624	22	497	1,210
Intergovernmental	-	40	136	3	179
Restricted assets:					
Other restricted cash and cash equivalents	-	650	-	-	650
Total current assets	<u>907</u>	<u>6,963</u>	<u>1,555</u>	<u>500</u>	<u>9,925</u>
Non-current assets:					
Regulatory assets	-	6,093	-	-	6,093
Capital assets:					
Land	9,988	-	-	9,192	19,180
Buildings	2,631	-	43	33,229	35,903
Accumulated depreciation-buildings	(1,310)	-	(11)	(5,095)	(6,416)
Improvements other than buildings	19,665	-	1,853	6,740	28,258
Accumulated depreciation-improvements other than buildings	(7,124)	-	(184)	(1,957)	(9,265)
Machinery and equipment	412	16,539	4,267	1,130	22,348
Accumulated depreciation-machinery and equipment	(335)	(10,642)	(2,772)	(1,109)	(14,858)
Construction in progress	21	-	321	-	342
Total non-current assets:	<u>23,948</u>	<u>11,990</u>	<u>3,517</u>	<u>42,130</u>	<u>81,585</u>
Total assets	<u>24,855</u>	<u>18,953</u>	<u>5,072</u>	<u>42,630</u>	<u>91,510</u>
<b>Deferred Outflows of Resources</b>					
Pension contributions and differences in experience	116	923	425	254	1,718
Total deferred outflows of resources	<u>116</u>	<u>923</u>	<u>425</u>	<u>254</u>	<u>1,718</u>

Continued

**City of Riverside**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2015**  
**(amounts expressed in thousands)**

<b>Liabilities</b>	<b>Airport</b>	<b>Refuse</b>	<b>Transportation</b>	<b>Public Parking</b>	<b>Total</b>
Current liabilities:					
Accounts payable	8	726	68	134	936
Accrued payroll	16	146	62	37	261
Retainage payable	-	-	14	-	14
Unearned revenue	-	1	813	-	814
Deposits	807	-	-	-	807
Due to other funds	-	-	-	593	593
Notes payable - current	-	-	-	940	940
Landfill capping - current	-	200	-	-	200
Compensated absences - current	35	378	86	53	552
<b>Total current liabilities</b>	<b>866</b>	<b>1,451</b>	<b>1,043</b>	<b>1,757</b>	<b>5,117</b>
Non-current liabilities:					
Notes payables	-	-	-	20,247	20,247
Advances from other funds	202	1,102	530	483	2,317
Landfill capping	-	5,722	-	-	5,722
Compensated absences	1	20	6	3	30
OPEB obligation	108	933	434	211	1,686
Net pension liability	720	5,742	2,642	1,578	10,682
<b>Total non-current liabilities</b>	<b>1,031</b>	<b>13,519</b>	<b>3,612</b>	<b>22,522</b>	<b>40,684</b>
<b>Total liabilities</b>	<b>1,897</b>	<b>14,970</b>	<b>4,655</b>	<b>24,279</b>	<b>45,801</b>
<b>Deferred Inflows of Resources</b>					
Net difference between projected and actual earnings on pension plan investments	208	1,655	761	455	3,079
<b>Total deferred inflows of resources</b>	<b>208</b>	<b>1,655</b>	<b>761</b>	<b>455</b>	<b>3,079</b>
<b>Net Position</b>					
Net investment in capital assets	24,788	5,897	3,517	20,943	55,145
Restricted for landfill capping	-	650	-	-	650
Unrestricted	(1,922)	(3,296)	(3,436)	(2,793)	(11,447)
<b>Total net position</b>	<b>\$ 22,866</b>	<b>\$ 3,251</b>	<b>\$ 81</b>	<b>\$ 18,150</b>	<b>\$ 44,348</b>

**City of Riverside**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the fiscal year ended June 30, 2015**  
**(amounts expressed in thousands)**

	<u>Airport</u>	<u>Refuse</u>	<u>Transportation</u>	<u>Public Parking</u>	<u>Total</u>
Operating revenues:					
Charges for services	\$ 1,260	\$ 21,360	\$ 385	\$ 4,609	\$ 27,614
Operating expenses:					
Personnel services	513	4,367	2,171	1,259	8,310
Contractual services	46	4,106	28	1,583	5,763
Maintenance and operation	249	5,870	605	577	7,301
General	229	3,011	699	180	4,119
Materials and supplies	17	1,060	236	11	1,324
Insurance	24	95	37	48	204
Depreciation and amortization	707	1,452	597	1,093	3,849
Total operating expenses	<u>1,785</u>	<u>19,961</u>	<u>4,373</u>	<u>4,751</u>	<u>30,870</u>
Operating Income (loss)	<u>(525)</u>	<u>1,399</u>	<u>(3,988)</u>	<u>(142)</u>	<u>(3,256)</u>
Nonoperating revenues (expenses):					
Operating grants	-	-	3,869	-	3,869
Interest income	2	52	11	-	65
Other	(18)	376	-	710	1,068
Gain/loss on retirement of capital assets	-	(21)	-	(1)	(22)
Interest expense and fiscal charges	(5)	(25)	(12)	(851)	(893)
Total non-operating revenues	<u>(21)</u>	<u>382</u>	<u>3,868</u>	<u>(142)</u>	<u>4,087</u>
Income (loss) before capital contributions and transfers	<u>(546)</u>	<u>1,781</u>	<u>(120)</u>	<u>(284)</u>	<u>831</u>
Cash capital contributions	-	-	1,420	-	1,420
Transfers out	-	-	-	(738)	(738)
Change in net position	<u>(546)</u>	<u>1,781</u>	<u>1,300</u>	<u>(1,022)</u>	<u>1,513</u>
Net position - beginning, as previously reported	24,464	9,316	2,415	21,166	57,361
Prior period adjustment	(1,052)	(7,846)	(3,634)	(1,994)	(14,526)
Net position - beginning, as restated	<u>23,412</u>	<u>1,470</u>	<u>(1,219)</u>	<u>19,172</u>	<u>42,835</u>
Net position - ending	<u>\$ 22,866</u>	<u>\$ 3,251</u>	<u>\$ 81</u>	<u>\$ 18,150</u>	<u>\$ 44,348</u>

City of Riverside  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the fiscal year ended June 30, 2015  
(amounts expressed in thousands)

	Airport	Refuse	Transportation	Public Parking	Totals
Cash flows from operating activities:					
Cash received from customers and users	\$ 1,302	\$ 21,206	\$ 264	\$ 4,673	\$ 27,445
Cash paid to employees for services	(516)	(4,493)	(2,187)	(1,264)	(8,460)
Cash paid to other suppliers of goods or services	243	(14,924)	(2,963)	(2,433)	(20,077)
Other nonoperating items	(18)	782	-	710	1,474
Net cash (used) provided by operating activities	<u>1,011</u>	<u>2,571</u>	<u>(4,886)</u>	<u>1,686</u>	<u>382</u>
Cash flows from noncapital financing activities:					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	(738)	(738)
Operating grants	-	-	3,869	-	3,869
Receipts on interfund advances	(133)	-	-	593	460
Outflows on interfund advances	(11)	(58)	(28)	(125)	(222)
Net cash (used) provided by noncapital financing activities	<u>(144)</u>	<u>(58)</u>	<u>3,841</u>	<u>(270)</u>	<u>3,369</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(24)	(2,455)	(1,466)	(9)	(3,954)
Principal paid on long-term obligations	-	-	-	(905)	(905)
Interest paid on long-term obligations	(5)	(25)	(12)	(851)	(893)
Capital contributions	-	-	1,420	-	1,420
Net cash (used) provided for capital and related financing activities	<u>(29)</u>	<u>(2,480)</u>	<u>(58)</u>	<u>(1,765)</u>	<u>(4,332)</u>
Cash flows from investing activities:					
Proceeds of investments	(1)	2	8	5	14
Income from investments	2	52	11	-	65
Net cash (used) provided by investing activities	<u>1</u>	<u>54</u>	<u>19</u>	<u>5</u>	<u>79</u>
Net change in cash and cash equivalents	839	87	(1,084)	(344)	(502)
Cash and cash equivalents, beginning	-	4,345	2,477	344	7,166
Cash and cash equivalents, ending	<u>\$ 839</u>	<u>\$ 4,432</u>	<u>\$ 1,393</u>	<u>\$ -</u>	<u>\$ 6,664</u>

Continued

City of Riverside  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the fiscal year ended June 30, 2015  
(amounts expressed in thousands)

	Continued				
	Airport	Refuse	Transportation	Public Parking	Totals
Reconciliation of operating income (loss) to net cash (used) provided by operating activities:					
Operating income (loss)	\$ (525)	\$ 1,399	\$ (3,988)	\$ (142)	\$ (3,256)
Other nonoperating items	(18)	376	-	710	1,068
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities:					
Depreciation and amortization	707	1,046	597	1,093	3,443
Changes in assets, liabilities and deferred inflows/outflows of resources:					
Utility billed receivable	-	(86)	-	-	(86)
Utility unbilled receivable	-	4	-	-	4
Accounts receivable	(33)	(32)	14	58	7
Intergovernmental receivable	75	(40)	(135)	6	(94)
Regulatory assets	-	406	-	-	406
Accounts payable	1	(127)	44	(14)	(96)
Accrued payroll	4	41	12	8	65
Retainage payable	-	-	14	(20)	(6)
Other payables	19	42	(1,348)	45	(1,242)
Deposits payable	807	-	-	-	807
Landfill capping	-	(250)	-	-	(250)
Net pension liability and related changes in deferred outflows and inflows of resources	(26)	(208)	(96)	(58)	(388)
Net cash (used) provided by operating activities	<u>\$ 1,011</u>	<u>\$ 2,571</u>	<u>\$ (4,886)</u>	<u>\$ 1,686</u>	<u>\$ 382</u>

## **Internal Service Funds**

**Internal Service Funds** are used to account for the financing of goods and services provided by one City department to other City departments on a cost-reimbursement basis.

**Self-Insurance Trust** – To account for the operations of the City's self-insured workers' compensation, unemployment and liability programs.

**Central Stores Fund** – To account for the operations of the City's centralized supplies inventory, including receiving and delivery services provided to City departments.

**Central Garage Fund** – To account for the maintenance and repair of all city-owned vehicles and motorized equipment, except for Police vehicles.

City of Riverside  
Combining Statement of Net Position  
Internal Service Funds  
June 30, 2015  
(amounts expressed in thousands)

<b>Assets</b>	<b>Self-Insurance Trust</b>	<b>Central Stores</b>	<b>Central Garage</b>	<b>Total</b>
<b>Current assets:</b>				
Cash and investments	\$ 4,731	\$ -	\$ 1,353	\$ 6,084
Receivables (net of allowance for uncollectibles)				
Interest	24	-	4	28
Accounts	17	-	239	256
Intergovernmental	40	-	400	440
Inventory	-	5,512	372	5,884
Total current assets	<u>4,812</u>	<u>5,512</u>	<u>2,368</u>	<u>12,692</u>
<b>Non-current assets:</b>				
Advances to other funds	2,217	-	3,460	5,677
Advances to Successor Agency Trust Fund	5,682	-	-	5,682
Net pension asset	-	-	-	-
<b>Capital assets:</b>				
Land	-	-	458	458
Intangible assets, depreciable	201	-	-	201
Accumulated depreciation - intangible assets, depreciable	(3)	-	-	(3)
Buildings	-	-	4,065	4,065
Accumulated depreciation-buildings	-	-	(357)	(357)
Improvements other than buildings	-	-	1,308	1,308
Accumulated depreciation - improvements other than buildings	-	-	(169)	(169)
Machinery and equipment	5	139	10,133	10,277
Accumulated depreciation-machinery and equipment	(1)	(139)	(7,832)	(7,972)
Total non-current assets:	<u>8,101</u>	<u>-</u>	<u>11,066</u>	<u>19,167</u>
<b>Total assets</b>	<u>12,913</u>	<u>5,512</u>	<u>13,434</u>	<u>31,859</u>
<b>Deferred Outflows of Resources</b>				
Pension contributions and differences in experience	103	126	658	887
Total deferred outflows of resources	<u>103</u>	<u>126</u>	<u>658</u>	<u>887</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	598	225	250	1,073
Accrued payroll	13	17	102	132
Retainage payable	-	-	-	-
Due to other funds	-	871	-	871
Claims and judgments - current	12,928	-	-	12,928
Compensated absences - current	22	42	214	278
Total current liabilities	<u>13,561</u>	<u>1,155</u>	<u>566</u>	<u>15,282</u>
<b>Non-current liabilities:</b>				
Advances from other funds	193	203	2,266	2,662
Claims and judgments	25,867	-	-	25,867
Compensated absences	14	25	129	168
OPEB obligation	105	124	535	764
Net pension liability	642	781	4,095	5,518
Total non-current liabilities	<u>26,821</u>	<u>1,133</u>	<u>7,025</u>	<u>34,979</u>
<b>Total liabilities</b>	<u>40,382</u>	<u>2,288</u>	<u>7,591</u>	<u>50,261</u>
<b>Deferred Inflows of Resources</b>				
Net difference between projected and actual earnings on pension plan investments	185	225	1,180	1,590
Total deferred inflows of resources	<u>185</u>	<u>225</u>	<u>1,180</u>	<u>1,590</u>
<b>Net Position</b>				
Net investment in capital assets	202	-	7,606	7,808
Unrestricted	(27,753)	3,125	(2,285)	(26,913)
Total net position	<u>\$ (27,551)</u>	<u>\$ 3,125</u>	<u>\$ 5,321</u>	<u>\$ (19,105)</u>



**City of Riverside**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2015**  
**(amounts expressed in thousands)**

	<u>Self-Insurance Trust</u>	<u>Central Stores</u>	<u>Central Garage</u>	<u>Totals</u>
Operating revenues:				
Charges for services	\$ 13,523	\$ 1,483	\$ 8,699	\$ 23,705
Operating expenses:				
Personnel services	551	556	2,820	3,927
Contractual services	269	-	56	325
Maintenance and operation	4	23	2,108	2,135
General	524	327	466	1,317
Materials and supplies	-	10	62	72
Claims/Insurance	12,929	7	68	13,004
Depreciation and amortization	4	-	876	880
Total operating expenses	<u>14,281</u>	<u>923</u>	<u>6,456</u>	<u>21,660</u>
Operating income (loss)	<u>(758)</u>	<u>560</u>	<u>2,243</u>	<u>2,045</u>
Non-operating revenues (expenses):				
Interest income	142	-	23	165
Gain (loss) on retirement of capital assets	-	-	(24)	(24)
Interest expense and fiscal charges	(31)	(20)	(35)	(86)
Total non-operating revenue (expenses)	<u>111</u>	<u>(20)</u>	<u>(36)</u>	<u>55</u>
Income before capital contributions and transfers	<u>(647)</u>	<u>540</u>	<u>2,207</u>	<u>2,100</u>
Cash capital contributions	-	-	600	600
Change in net position	<u>(647)</u>	<u>540</u>	<u>2,807</u>	<u>2,700</u>
Net position - beginning, as previously reported	(25,953)	3,708	8,243	(14,002)
Prior period adjustment	(951)	(1,123)	(5,729)	(7,803)
Net position - beginning, as restated	<u>(26,904)</u>	<u>2,585</u>	<u>2,514</u>	<u>(21,805)</u>
Net position - ending	<u>\$ (27,551)</u>	<u>\$ 3,125</u>	<u>\$ 5,321</u>	<u>\$ (19,105)</u>

City of Riverside  
Combining Statement of Cash Flows  
Internal Service Funds  
For the fiscal year ended June 30, 2015  
(amounts expressed in thousands)

	Self-Insurance Trust	Central Stores	Central Garage	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 13,512	\$ 1,483	\$ 8,120	\$ 23,115
Cash paid to employees for services	3,072	(596)	(2,962)	(486)
Cash paid to other suppliers of goods or services	<u>(13,361)</u>	<u>(422)</u>	<u>(3,941)</u>	<u>(17,724)</u>
Net cash (used) provided by operating activities	<u>3,223</u>	<u>465</u>	<u>1,217</u>	<u>4,905</u>
Cash flows from noncapital financing activities:				
Receipts on interfund advances	499	(435)	-	64
Outflows on interfund advances	<u>(11)</u>	<u>(10)</u>	<u>(383)</u>	<u>(404)</u>
Net cash (used) provided by noncapital financing activities	<u>488</u>	<u>(445)</u>	<u>(383)</u>	<u>(340)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(201)	-	(2,134)	(2,335)
Proceeds from the sale of capital assets	-	-	(24)	(24)
Interest paid on long-term obligation	(31)	(20)	(35)	(86)
Capital contributions	<u>-</u>	<u>-</u>	<u>600</u>	<u>600</u>
Net cash (used) for capital and related financing activities	<u>(232)</u>	<u>(20)</u>	<u>(1,593)</u>	<u>(1,845)</u>
Cash flows from investing activities:				
Proceeds of investments	(8)	-	24	16
Income from investments	<u>142</u>	<u>-</u>	<u>23</u>	<u>165</u>
Net cash (used) from investing activities	<u>134</u>	<u>-</u>	<u>47</u>	<u>181</u>
Net change in cash and cash equivalents	3,613	-	(712)	2,901
Cash and cash equivalents, beginning	<u>1,118</u>	<u>-</u>	<u>2,065</u>	<u>3,183</u>
Cash and cash equivalents, ending	<u>\$ 4,731</u>	<u>\$ -</u>	<u>\$ 1,353</u>	<u>\$ 6,084</u>

Continued

City of Riverside  
 Combining Statement of Cash Flows  
 Internal Service Funds  
 For the fiscal year ended June 30, 2015  
 (amounts expressed in thousands)

Continued

	Self-Insurance Trust	Central Stores	Central Garage	Total
Reconciliation of operating income (loss) to net cash (used) provided by operating activities:				
Operating income (loss)	\$ (758)	\$ 560	\$ 2,243	\$ 2,045
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities:				
Depreciation and amortization	4	-	876	880
Changes in assets, liabilities and deferred inflows/outflows of resources:				
Accounts receivable	(17)	-	(185)	(202)
Intergovernmental receivable	6	-	(394)	(388)
Inventory	-	(68)	3	(65)
Accounts payable	365	13	(1,113)	(735)
Accrued payroll	-	1	31	32
Retainage payable	-	-	(71)	(71)
Other payables	17	(13)	(25)	(21)
Claims and judgments	3,628	-	-	3,628
Net pension liability and related changes in deferred outflows and inflows of resources	(22)	(28)	(148)	(198)
Net cash (used) provided by operating activities	<u>\$ 3,223</u>	<u>\$ 465</u>	<u>\$ 1,217</u>	<u>\$ 4,905</u>

## **Agency Fund**

The City's Agency Fund is used to account for special assessments that service no-commitment debt.

**City of Riverside**  
**Fiduciary Fund - Agency Fund**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the fiscal year ended June 30, 2015**  
**(amounts expressed in thousands)**

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2015</b>
<b>Assets</b>				
Cash and investments	\$ 5,666	\$ 6,852	\$ 9,583	\$ 2,935
Cash and investments at fiscal agent	6,740	6,599	9,706	3,633
Interest receivable	26	265	282	9
Property taxes receivable	114	47	114	47
<b>Total assets</b>	<b>\$ 12,546</b>	<b>\$ 13,763</b>	<b>\$ 19,685</b>	<b>\$ 6,624</b>
<b>Liabilities</b>				
Held for bond holders	\$ 12,546	\$ 13,763	\$ 19,685	\$ 6,624
<b>Total liabilities</b>	<b>\$ 12,546</b>	<b>\$ 13,763</b>	<b>\$ 19,685</b>	<b>\$ 6,624</b>

**CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

**City of Riverside**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Source**  
**June 30, 2015**  
**(amounts expressed in thousands)**

Governmental funds capital assets:

Land	\$	339,755
Buildings and improvements		183,230
Improvements other than buildings		301,454
Machinery and equipment		86,025
Infrastructure		982,126
Intangibles		201
Construction in progress		34,120
Total governmental funds capital assets	\$	<u>1,926,911</u>

Investments in governmental funds capital assets by source:

Certificates of participation	\$	122,733
Gifts		329,951
Operating revenue		543,342
General obligation bonds		4,364
Revenue bonds		21,229
County contracts and grants		316
State grants		41,697
Asset forfeiture - state		1,082
Asset forfeiture - federal		2,756
Housing and community development grants		18,956
Other federal grants		36,169
Community facilities bonds		1,026
Assessment district bonds		397
Capital leases		11,884
RDA tax increment bonds		2,983
Capital projects funds		788,026
Total governmental funds capital assets	\$	<u>1,926,911</u>

**Statistical Section  
(Unaudited)**

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>88</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate property and sales taxes.	<b>94</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>104</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	<b>110</b>
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	<b>113</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**Table 1**  
**City of Riverside**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

(in thousands)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012 <sup>1</sup>	2013	2014	2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ 622,336	\$ 712,801	\$ 850,740	\$ 950,496	\$ 976,614	\$ 1,019,892	\$ 1,076,485	\$ 1,083,485	\$ 1,106,384	\$ 1,126,220
Restricted	158,038	107,982	102,677	98,903	108,932	80,820	86,325	80,712	96,587	105,847
Unrestricted	(51,261)	(34,245)	(31,429)	(41,861)	(80,947)	(90,159)	23,145	17,989	(2,049)	(406,388)
Total governmental activities net position	\$ 729,113	\$ 786,538	\$ 921,988	\$ 1,007,538	\$ 1,004,599	\$ 1,010,553	\$ 1,185,955	\$ 1,182,186	\$ 1,200,922	\$ 825,679
<b>Business-type activities</b>										
Net investment in capital assets	\$ 425,285	\$ 520,059	\$ 601,999	\$ 659,904	\$ 660,619	\$ 654,974	\$ 666,919	\$ 609,691	\$ 616,844	\$ 626,166
Restricted	71,386	57,613	43,341	38,621	59,863	56,397	54,923	69,068	68,507	75,660
Unrestricted	250,041	242,966	225,281	207,405	219,720	256,038	285,062	330,833	359,698	209,469
Total business-type activities net position	\$ 746,712	\$ 820,638	\$ 870,621	\$ 905,930	\$ 940,202	\$ 967,409	\$ 1,006,904	\$ 1,009,592	\$ 1,045,049	\$ 911,295
<b>Primary government</b>										
Net investment in capital assets	\$ 1,047,621	\$ 1,232,860	\$ 1,452,739	\$ 1,610,400	\$ 1,637,233	\$ 1,674,866	\$ 1,743,404	\$ 1,693,176	\$ 1,723,228	\$ 1,752,386
Restricted	229,424	165,595	146,018	137,524	168,795	137,217	141,248	149,780	165,094	181,507
Unrestricted	198,780	208,721	193,852	165,544	138,773	165,879	308,207	348,822	357,649	(196,919)
Total primary government net position	\$ 1,475,825	\$ 1,607,176	\$ 1,792,609	\$ 1,913,468	\$ 1,944,801	\$ 1,977,962	\$ 2,192,859	\$ 2,191,778	\$ 2,245,971	\$ 1,736,974

<sup>1</sup> The increase in total governmental activities net position (and related unrestricted net position) is primarily due to the dissolution of the Redevelopment Agency.

**Table 2**  
**City of Riverside**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

(in thousands) Page 1 of 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 74,458	\$ 105,486	\$ 113,897	\$ 71,391	\$ 85,110	\$ 72,606	\$ 48,731	\$ 54,808	\$ 39,331	\$ 26,587
Public safety	120,470	114,312	122,783	142,353	137,338	139,364	148,605	147,652	149,555	154,123
Highways and streets	20,757	22,556	26,986	29,700	31,492	32,131	35,342	35,072	36,564	36,563
Culture and recreation	32,602	28,016	31,659	29,423	44,319	50,017	54,594	40,077	42,252	45,594
Interest on long-term debt	16,358	26,378	34,075	34,361	32,049	33,638	25,087	16,627	17,741	17,025
Total governmental activities expenses	264,645	296,748	329,400	307,228	330,308	327,756	312,359	294,236	285,443	279,892
Business-type activities:										
Electric	226,186	232,346	271,412	269,209	256,860	275,922	288,799	292,175	304,416	309,874
Water	39,486	42,108	47,570	53,931	55,402	56,390	56,715	58,768	60,030	62,792
Sewer	27,299	29,510	31,209	34,853	41,248	42,276	43,702	43,945	40,385	35,593
Refuse	14,546	16,490	18,430	18,425	20,527	20,046	19,979	20,581	20,831	20,007
Airport	1,004	1,201	1,418	1,734	2,206	2,320	2,646	2,029	1,662	1,809
Transportation	2,917	2,831	3,190	3,194	3,368	3,493	3,667	3,745	4,067	4,385
Public parking	2,701	3,762	4,093	5,095	4,024	4,401	4,984	5,051	4,610	5,604
Total business-type activities expenses	314,139	328,248	377,322	386,441	383,635	404,848	420,492	426,294	436,001	440,064
Total primary government expenses	\$ 578,784	\$ 624,996	\$ 706,722	\$ 693,669	\$ 713,943	\$ 732,604	\$ 732,851	\$ 720,530	\$ 721,444	\$ 719,956
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 24,683	\$ 10,245	\$ 23,969	\$ 13,691	\$ 12,933	\$ 14,241	\$ 14,662	\$ 13,338	\$ 13,775	\$ 17,600
Public safety	5,845	12,410	9,924	8,414	8,177	8,075	7,837	7,793	7,444	7,256
Highways and streets	25,412	30,563	19,695	14,391	17,847	16,985	16,532	15,825	17,487	13,868
Culture and recreation	7,716	8,302	4,370	3,168	2,367	3,180	4,622	5,237	7,406	16,319
Operating grants and contributions	13,150	12,101	15,024	23,313	32,853	21,127	31,581	21,485	14,341	12,869
Capital grants and contributions	18,618	10,557	115,982	69,745	23,395	38,138	54,476	32,202	48,433	43,904
Total governmental activities program revenues	95,424	84,178	188,964	132,722	97,572	101,746	129,710	95,880	108,886	111,816
Business-type activities:										
Charges for services:										
Electric	259,572	278,888	305,299	314,164	309,910	313,703	333,029	347,933	344,037	347,621
Water	37,613	47,080	49,855	54,923	57,534	62,084	65,206	68,489	68,691	66,051
Sewer	21,510	24,057	22,525	23,247	27,342	32,769	37,747	43,772	46,162	50,336
Refuse	15,160	15,833	16,289	18,394	18,712	19,134	19,588	20,829	20,677	21,360
Airport	1,162	1,263	1,423	1,232	1,315	1,342	1,524	1,396	1,100	1,260
Transportation	238	302	313	336	328	344	352	344	413	385
Public parking	2,837	3,431	3,717	4,332	4,876	5,205	4,803	4,777	4,382	4,609
Operating grants and contributions	2,704	1,939	3,308	1,929	2,487	2,159	2,738	2,718	2,524	3,869
Capital grants and contributions	29,293	40,066	29,215	17,288	6,838	7,337	21,164	11,734	11,486	8,027
Total business-type activities program revenues	370,089	412,859	431,944	435,845	429,342	444,077	486,151	501,992	499,472	503,518
Total primary government program revenues	\$ 465,513	\$ 497,037	\$ 620,908	\$ 568,567	\$ 526,914	\$ 545,823	\$ 615,861	\$ 597,872	\$ 608,358	\$ 615,334

(continued)

**Table 2**  
**City of Riverside**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

(in thousands) Page 2 of 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012 <sup>1</sup>	2013 <sup>2</sup>	2014	2015
<b>Net Revenues (Expense)</b>										
Governmental activities	\$ (169,221)	\$ (212,570)	\$ (140,436)	\$ (174,506)	\$ (232,736)	\$ (226,010)	\$ (182,649)	\$ (198,356)	\$ (176,557)	\$ (168,076)
Business-type activities	55,950	84,611	54,622	49,404	45,707	39,229	65,659	75,698	63,471	63,454
Total primary government net expense	\$ (113,271)	\$ (127,959)	\$ (85,814)	\$ (125,102)	\$ (187,029)	\$ (186,781)	\$ (116,990)	\$ (122,658)	\$ (113,086)	\$ (104,622)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Sales	\$ 57,522	\$ 55,666	\$ 50,526	\$ 41,882	\$ 39,645	\$ 44,157	\$ 47,701	\$ 50,222	\$ 55,096	\$ 59,437
Property	80,934	106,114	114,176	116,420	104,087	100,802	74,179	52,904	51,323	54,864
Utility users	23,502	25,384	26,267	25,964	25,975	26,691	27,320	28,206	28,092	28,076
Franchise	4,813	5,031	4,972	5,144	4,477	4,937	4,883	4,959	5,046	5,543
Transient occupancy	4,372	3,581	3,795	2,912	2,488	2,731	2,995	3,703	4,189	5,280
Intergovernmental, unrestricted	1,747	1,863	2,074	4,569	1,339	1,285	351	337	263	3,153
Unrestricted grants and contributions	39,653	29,743	-	-	-	-	-	-	-	-
Investment earnings	10,150	18,582	25,670	15,941	8,289	7,439	4,440	2,786	2,759	3,233
Miscellaneous	26,173	4,228	9,480	5,137	3,344	9,544	9,273	9,208	5,425	12,395
Transfers	25,576	31,171	32,326	42,087	40,153	34,378	40,679	42,262	43,100	42,681
Extraordinary items	-	-	-	-	-	-	149,617	-	-	-
Total governmental activities	274,442	281,363	269,286	260,056	229,797	231,964	361,438	194,587	195,293	214,662
Business-type activities:										
Investment income	11,259	16,988	22,756	23,402	21,271	17,548	11,405	4,744	8,005	5,319
Miscellaneous	18,700	3,498	4,931	4,590	7,447	4,808	3,110	5,767	7,081	7,652
Transfers	(25,576)	(31,171)	(32,326)	(42,087)	(40,153)	(34,378)	(40,679)	(42,262)	(43,100)	(42,681)
Extraordinary items	-	-	-	-	-	-	-	(41,259)	-	-
Total business-type activities	4,383	(10,685)	(4,639)	(14,095)	(11,435)	(12,022)	(26,164)	(73,010)	(28,014)	(29,710)
Total primary government	278,825	270,678	264,647	245,961	218,362	219,942	335,274	121,577	167,279	184,952
<b>Change in Net Position</b>										
Governmental activities	\$ 105,221	\$ 68,793	\$ 128,850	\$ 85,550	\$ (2,939)	\$ 5,954	\$ 178,789	\$ (3,769)	\$ 18,736	\$ 46,586
Business-type activities	60,333	73,926	49,983	35,309	34,272	27,207	39,495	2,688	35,457	33,744
Total primary government	\$ 165,554	\$ 142,719	\$ 178,833	\$ 120,859	\$ 31,333	\$ 33,161	\$ 218,284	\$ (1,081)	\$ 54,193	\$ 80,330

<sup>1</sup> The increase in total governmental activities net position is primarily due to the dissolution of the Redevelopment Agency.

<sup>2</sup> The decrease in total business-type activities net position is primarily due to the power plant closure.

**Table 3**  
**City of Riverside**  
**Fund Balances of Governmental Funds**  
**Last Five Fiscal Years**  
**(modified accrual basis of accounting, in thousands)**

	2011	2012 <sup>1,2</sup>	2013	2014	2015
General fund					
Nonspendable	\$ 26,646	\$ 25,720	\$ 26,421	\$ 24,419	\$ 23,642
Restricted	82,249	2,803	2,196	2,204	2,985
Assigned	15,589	6,380	10,711	14,505	13,965
Unassigned	36,359	39,347	37,763	37,732	39,059
Total general fund	<u>\$ 160,843</u>	<u>\$ 74,250</u>	<u>\$ 77,091</u>	<u>\$ 78,860</u>	<u>\$ 79,651</u>
All other governmental funds					
Nonspendable	\$ 1,626	\$ 1,539	\$ 1,441	\$ 1,460	\$ 36,902
Restricted for:					
Housing and redevelopment	96,571	26,911	26,410	26,223	8,999
Debt service	56,526	29,080	25,884	26,177	7,450
Transportation and public works	26,459	31,075	16,487	54,876	36,347
Other purposes	5,073	1,401	2,003	2,054	4,613
Unassigned	-	-	-	(1,733)	(2,287)
Total all other governmental funds	<u>\$ 186,255</u>	<u>\$ 90,006</u>	<u>\$ 72,225</u>	<u>\$ 109,057</u>	<u>\$ 92,024</u>

<sup>1</sup> The decrease in fund balance of the General Fund primarily relates to the transfer of land held for resale (in the amount of \$76.3 million) to the Redevelopment Agency Capital Projects Fund, which had been transferred to the General Fund during the fiscal year ended June 30, 2011.

<sup>2</sup> The decrease in fund balance of all other governmental funds relates to the dissolution of the Redevelopment Agency.

*The City of Riverside implemented GASB 54 in the fiscal year ended June 30, 2011. The City has elected to show four years of data for this schedule.*

**Table 4**  
**City of Riverside**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis accounting)**

(in thousands) Page 1 of 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
Taxes	\$ 170,638	\$ 191,131	\$ 200,438	\$ 192,322	\$ 177,255	\$ 179,318	\$ 156,593	\$ 139,994	\$ 143,748	\$ 153,200
Licenses and permits	16,351	12,984	10,027	7,368	6,899	7,657	9,292	10,173	9,244	11,168
Intergovernmental	55,178	47,934	79,423	86,873	60,550	61,082	66,618	50,734	59,348	49,892
Charges for services	11,538	11,914	11,325	9,099	9,570	10,720	11,774	12,062	15,734	24,737
Fines and forfeitures	2,098	2,778	4,573	6,213	7,512	8,928	6,293	6,234	7,283	3,957
Special assessments	6,247	6,170	5,245	5,431	5,464	6,014	6,276	6,669	6,272	6,757
Use of money and property	14,324	22,587	27,970	18,620	11,173	10,173	8,095	3,878	4,315	5,112
Miscellaneous	8,502	6,164	12,796	7,596	7,082	16,605	10,611	14,933	6,957	6,939
Total revenues	\$ 284,876	\$ 301,662	\$ 351,797	\$ 333,522	\$ 285,505	\$ 300,497	\$ 275,552	\$ 244,677	\$ 252,901	\$ 261,762
<b>Expenditures:</b>										
General government	\$ 25,193	\$ 39,093	\$ 26,177	\$ 25,995	\$ 23,835	\$ 26,090	\$ 18,835	\$ 15,713	\$ 13,558	\$ 17,799
Public safety	126,007	139,739	151,773	145,802	138,594	140,994	150,878	150,290	151,721	157,660
Highways and streets	11,281	19,722	25,209	18,452	14,987	14,587	16,651	16,294	16,944	16,594
Culture and recreation	31,017	31,039	30,622	26,859	40,373	44,345	57,538	45,356	34,275	37,527
Capital outlay	121,978	149,325	171,952	180,394	131,908	105,689	75,482	73,581	72,365	60,060
Debt Service:										
Principal	9,733	12,045	11,257	44,349	48,078	89,264	83,378	45,006	45,500	49,101
Interest	19,205	21,330	31,239	33,033	31,267	32,611	24,133	15,116	16,787	17,048
Debt issuance costs	-	2,551	697	259	231	174	169	581	843	172
Payment for advance refunding	-	-	-	-	-	-	-	3,521	-	-
Total expenditures	\$ 344,414	\$ 414,844	\$ 448,926	\$ 475,143	\$ 429,273	\$ 453,754	\$ 427,064	\$ 365,458	\$ 351,993	\$ 355,961
Excess of revenues over (under) expenditures	\$ (59,538)	\$ (113,182)	\$ (97,129)	\$ (141,621)	\$ (143,768)	\$ (153,257)	\$ (151,512)	\$ (120,781)	\$ (99,092)	\$ (94,199)

(continued)

**Table 4**  
**City of Riverside**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis accounting)**

(in thousands) Page 2 of 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Other financing sources (uses):</b>										
Transfers in	\$ 59,545	\$ 84,306	\$ 62,841	\$ 100,797	\$ 88,303	\$ 214,631	\$ 196,859	\$ 56,572	\$ 58,469	\$ 61,510
Transfers out	(33,969)	(53,135)	(30,515)	(58,710)	(48,150)	(180,280)	(156,305)	(14,178)	(15,369)	(18,829)
Issuance of long term debt	20,969	299,645	164,408	30,425	51,821	104,875	34,940	99,753	87,037	30,940
Capital lease financings	-	-	-	-	3,116	2,000	-	7,203	6,625	4,450
Sales of capital assets	1,281	541	8,931	(5,798)	529	(1,629)	156	82	931	(114)
Payments to refunded bond agent	-	-	(148,975)	-	-	-	-	(43,591)	-	-
Total other financing sources (uses)	47,826	331,357	56,690	66,714	95,619	139,597	75,650	105,841	137,693	77,957
<b>Extraordinary items:</b>										
Dissolution of Riverside Redevelopment Agency:										
Transfer of assets and liabilities to										
Successor Agency	-	-	-	-	-	-	(130,174)	-	-	-
Transfer of assets from Successor Agency	-	-	-	-	-	-	28,121	-	-	-
Assumption of obligation	-	-	-	-	-	-	(4,927)	-	-	-
Total extraordinary items	-	-	-	-	-	-	(106,980)	-	-	-
Net change in fund balances	\$ (11,712)	\$ 218,175	\$ (40,439)	\$ (74,907)	\$ (48,149)	\$ (13,660)	\$ (182,842)	\$ (14,940)	\$ 38,601	\$ (16,242)
Debt service as a percentage of noncapital expenditures	13.777%	14.011%	16.947%	26.058%	23.211%	32.757%	32.507%	21.039%	21.803%	22.360%
			(1)	(2)		(3)	(4)			

(1) Increase in debt service related to the issuance of the 2007 Redevelopment Agency Tax Allocation Bonds and 2008 Riverside Renaissance Certificates of Participation.

(2) Increase relates to \$30 million refinancing of 2005B pension bonds that took place in May 2008, which became due in-full in June 2009. The \$30 million Pension Bond Anticipation Notes have been paid in-full and immediately re-issued each year in 2009, 2010, 2011, 2012, 2013 and 2014.

(3) Increase in debt service related to one-time early redemption of \$31.7 million of 2011 Redevelopment Tax Allocation Bonds and \$9.1 million of loan proceeds that were drawn-down during the year and re-paid within the year.

(4) Includes one-time early redemption of \$33.3 million of 2011 Redevelopment Tax Allocation Bonds.

**Table 5**  
**City of Riverside**  
**Business-Type Activities Electricity Revenues By Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

(in thousands)

<b>Fiscal Year</b>	<b>Residential Sales</b>	<b>Commercial Sales</b>	<b>Industrial Sales</b>	<b>Wholesale Sales</b>	<b>Other Sales</b>	<b>Transmission Revenue</b>	<b>Other Operating Revenue</b>	<b>Total Revenues</b>
2006	\$ 85,243	\$ 53,773	\$ 71,084	\$ 11,952	\$ 7,139	\$ 20,043	\$ 9,183	\$ 258,417
2007	94,426	55,421	83,698	9,913	5,713	20,097	9,536	278,804
2008	99,981	60,768	92,697	14,805	5,425	19,211	12,405	305,292
2009	105,525	65,532	97,100	4,674	5,684	18,673	12,250	309,438
2010	107,301	65,091	97,458	1,466	5,639	21,100	11,855	309,910
2011	107,792	64,039	102,067	124	5,529	22,091	12,061	313,703
2012	110,471	66,047	107,455	50	5,614	30,735	12,657	333,029
2013	118,173	66,632	110,680	638	5,712	32,688	13,410	347,933
2014	111,880	67,063	111,260	115	5,600	32,630	15,489	344,037
2015	114,112	68,572	112,283	60	5,654	30,587	16,353	347,621

**Table 6**  
**City of Riverside**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

**(in thousands)**

<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>Property Tax<sup>1</sup></b>	<b>Utility Users Tax</b>	<b>Franchise Tax</b>	<b>Transient Occupancy Tax</b>	<b>Total Taxes</b>
2006	57,522	80,934	23,502	4,813	4,372	171,143
2007	55,666	101,469	25,384	5,031	3,581	191,131
2008	50,526	114,176	26,267	4,972	3,795	199,736
2009	41,882	116,420	25,964	5,144	2,912	192,322
2010	39,645	104,087	25,975	4,477	2,488	176,672
2011	44,157	100,802	26,691	4,937	2,731	179,318
2012	47,701	74,179	27,320	4,883	2,995	157,078
2013	50,222	52,904	28,206	4,959	3,703	139,994
2014	55,096	51,323	28,092	5,046	4,189	143,746
2015	59,437	54,864	28,076	5,543	5,280	153,200

<sup>1</sup> Decrease in property taxes in fiscal years 2012 and 2013 relates to the dissolution of the Redevelopment Agency. Upon the dissolution of the Redevelopment Agency on February 1, 2012, property taxes received by the Successor Agency are reported in a private-purpose trust fund and therefore are excluded from the activities of the primary government.



**Table 7**  
**City of Riverside**  
**Taxable Sales by Category**  
**Last Ten Calendar Years**

(in thousands of dollars)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Apparel Stores	\$ 152,277	\$ 168,221	\$ 167,869	\$ 154,899	\$ 152,564	\$ 161,802	\$ 168,352	\$ 175,320	\$ 178,349	\$ 188,670
General Merchandise	596,708	573,919	530,900	466,096	435,230	432,303	444,125	450,988	463,355	475,147
Food Stores	161,336	170,193	171,998	172,195	170,151	167,259	169,380	181,719	193,368	209,022
Eating and Drinking Places	335,358	360,403	382,582	383,596	364,291	371,419	395,423	422,153	447,841	483,901
Building Materials	724,848	707,483	549,124	374,161	307,894	292,605	349,398	376,011	454,468	514,993
Auto Dealers and Supplies	1,392,586	1,368,388	1,250,136	949,747	786,012	847,986	965,529	1,118,907	1,280,633	1,461,217
Service Stations	328,565	361,971	417,086	424,252	301,654	350,904	419,497	430,322	418,110	413,128
Other Retail Stores	639,422	678,878	626,737	564,633	487,924	501,071	517,583	535,945	550,157	595,305
All Other Outlets	1,197,661	1,223,321	1,227,944	1,104,611	893,809	977,260	1,072,513	1,008,206	1,154,492	1,312,607
<b>Total</b>	<b>\$ 5,528,761</b>	<b>\$ 5,612,777</b>	<b>\$ 5,324,376</b>	<b>\$ 4,594,190</b>	<b>\$ 3,899,529</b>	<b>\$ 4,102,609</b>	<b>\$ 4,501,800</b>	<b>\$ 4,699,571</b>	<b>\$ 5,140,773</b>	<b>\$ 5,653,990</b>

Source: State of California Board of Equalization and the HdI Companies.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

**Table 8**  
**City of Riverside**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

(in thousands)

Fiscal Year Ended June 30	City				Dissolved Redevelopment Agency <sup>1</sup>				Total Direct Tax Rate <sup>2</sup>
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
2006	17,557,341	1,058,995	(4,002,177)	14,614,159	2,914,600	210,025	(51,992)	3,072,633	0.309
2007	20,672,126	1,140,891	(5,417,388)	16,395,629	4,145,700	410,625	(93,261)	4,463,064	0.304
2008	23,618,776	1,291,972	(6,960,666)	17,950,082	5,509,441	553,124	(138,490)	5,924,075	0.334
2009	24,428,633	1,330,053	(7,515,667)	18,243,019	5,998,768	581,943	(224,025)	6,356,686	0.343
2010	22,644,262	1,299,353	(7,103,040)	16,840,575	5,598,484	564,825	(266,257)	5,897,052	0.349
2011	22,056,793	1,260,923	(6,920,720)	16,396,996	5,396,219	544,906	(268,323)	5,672,802	0.347
2012	22,031,328	1,264,151	(6,952,649)	16,342,830	5,395,632	572,153	(270,313)	5,697,472	0.348
2013	22,313,665	1,244,448	(7,142,401)	16,415,712	N/A	N/A	N/A	N/A	0.348
2014	23,045,134	1,201,634	(7,394,982)	16,851,786	N/A	N/A	N/A	N/A	0.125
2015	24,482,621	1,329,391	(7,945,000)	17,867,012	N/A	N/A	N/A	N/A	0.124

Notes:

In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above. Assessed valuations are based on 100 percent of estimated actual value.

<sup>1</sup> In accordance with the timeline set forth in Assembly Bill 1X 26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

<sup>2</sup> Total Direct Rate is the weighted average of all individual direct rates. Beginning in 2013/14, the Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas.

Source: Riverside County Auditor-Controller

**Table 9**  
**City of Riverside**  
**Direct and Overlapping Property Tax Rates**  
**(Rate per \$100 of Assessed Valuation)**  
**Last Ten Fiscal Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Basic Levy <sup>1</sup>	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Unified School Districts Debt Service <sup>2</sup>	0.220	0.155	0.185	0.291	0.326	0.334	0.363	0.409	0.462	0.456
City of Riverside Debt Service	0.009	0.008	0.006	0.007	0.006	0.006	0.006	0.006	0.007	0.006
Eastern Municipal Water Improvement District	0.010	0.009	0.008	-	-	-	-	-	-	-
Metropolitan Water District Original Area	0.005	0.005	0.005	0.004	0.004	0.004	0.004	0.004	0.004	0.004
Riverside City Community College Debt Service	0.018	0.018	0.013	0.013	0.012	0.015	0.017	0.017	0.018	0.018
<b>Total Direct &amp; Overlapping<sup>3</sup> Tax Rates</b>	<b>1.262</b>	<b>1.195</b>	<b>1.217</b>	<b>1.315</b>	<b>1.348</b>	<b>1.359</b>	<b>1.390</b>	<b>1.436</b>	<b>1.491</b>	<b>1.484</b>
<b>City's Share of 1% Levy Per Prop 13<sup>4</sup></b>	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145
<b>General Obligation Debt Rate</b>	0.009	0.009	0.006	0.007	0.006	0.006	0.006	0.006	0.007	0.006
<b>Redevelopment Rate<sup>5,7</sup></b>	1.005	1.005	1.005	1.004	1.004	1.004	1.004	-	-	-
<b>Total Direct Rate<sup>6</sup></b>	0.309	0.304	0.334	0.343	0.349	0.347	0.348	0.348	0.125	0.124

<sup>1</sup> In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

<sup>2</sup> Includes: Alford Unified School District, Corona Norco Unified School District, Jurupa Unified School District, Moreno Valley Unified School District, Riverside Unified School District and Val Verde Unified School District.

<sup>3</sup> Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

<sup>4</sup> City's share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.

<sup>5</sup> RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

<sup>6</sup> Total Direct Rate is the weighted average of all individual direct rates. Beginning in 2013/14, the Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas.

<sup>7</sup> In accordance with the timeline set forth in Assembly Bill X1 26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Source: Riverside County Assessor 2005/06 - 2014/15 Tax Rate Table.

**Table 10**  
**City of Riverside**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

(in thousands)

Property Owner	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Tyler Mall	\$ 195,439	1	0.8%	\$ 144,601	1	0.8%
Riverside Healthcare System	142,088	3	0.6%	101,878	2	0.6%
La Sierra University	116,298	2	0.5%			
Rohr Inc	97,904	4	0.4%	47,007	9	0.3%
Corona Pointe Apartments	96,579	5	0.4%			
Cole ID	93,754	6	0.4%			
State Street Bank and Trust Co.	85,475	7	0.4%	78,581	4	0.4%
Vestar Riverside Plaza	82,511	8	0.3%			
Northrop Drive Apartments	76,255	9	0.3%			
Canyon Springs Marketplace Corp	70,268	10	0.3%			
BRE Properties				93,308	3	0.5%
Charter Comm Entertainment II				56,569	5	0.3%
California State Teachers Retirement				56,482	6	0.3%
Bottling Group				52,192	7	0.3%
Press Enterprise Company				47,893	8	0.3%
Mission Grove Park Apartments				45,051	10	0.3%
Totals	<u>\$ 1,056,571</u>		<u>4.3%</u>	<u>\$ 723,562</u>		<u>4.0%</u>

Notes:

The amounts shown above include assessed value data for both the City and the Successor Agency.

Source: Riverside County Assessor 2014/15 and 2005/06 Combined Tax Rolls

**Table 11**  
**City of Riverside**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

(in thousands)

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections To Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
<b>2006</b>	52,532	51,815	98.64%	717	52,532	100.00%
<b>2007</b>	69,246	67,046	96.82%	2,200	69,246	100.00%
<b>2008</b>	83,996	82,345	98.03%	1,651	83,996	100.00%
<b>2009</b>	86,251	84,134	97.55%	2,117	86,251	100.00%
<b>2010</b>	77,228	74,491	96.46%	2,737	77,228	100.00%
<b>2011</b>	74,608	72,327	96.94%	2,281	74,608	100.00%
<b>2012</b>	41,020	40,340	98.34%	680	41,020	100.00%
<b>2013</b>	43,333	42,447	97.96%	886	43,333	100.00%
<b>2014</b>	45,138	44,684	98.99%	-	44,684	98.99%
<b>2015</b>	48,846	48,427	99.14%	-	48,427	99.14%

**Note:**

The table reflects amounts related to the City. In addition, it includes amounts related to the Redevelopment Agency through dissolution (1/31/12). The amounts collected by the Redevelopment Agency include monies that were passed-through to other agencies. Current tax levies are the original charge as provided by the County of Riverside. Current tax collections do not include supplemental taxes, aircraft taxes or other property taxes.

The City adopted the Teeter plan available with the County of Riverside effective Fiscal year 2014. Under the Teeter plan the County of Riverside has responsibility for the collection of delinquent taxes and the City receives 100% of the levy.

**Table 12**  
**City of Riverside**  
**Electricity Sold by Type of Customer**  
**Last Ten Fiscal Years**

(in millions of kilowatt-hours)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Type of Customer:</b>										
Residential	696	748	734	733	701	666	688	726	700	711
Commercial	474	456	441	433	406	400	413	419	421	428
Industrial	810	924	960	946	906	912	969	1,003	997	995
Wholesale sales	287	295	357	137	44	7	2	14	4	2
Other	58	39	34	33	32	31	31	31	30	31
<b>Total</b>	<b>2,325</b>	<b>2,462</b>	<b>2,526</b>	<b>2,282</b>	<b>2,089</b>	<b>2,016</b>	<b>2,103</b>	<b>2,193</b>	<b>2,152</b>	<b>2,167</b>
Total direct rate										
Monthly Base Rate <sup>1</sup>	3.36	5.00	11.35	13.06	18.06	18.06	18.06	18.06	18.06	18.06

<sup>1</sup> Monthly Base Rate includes a Reliability Charge of \$5.00 (small residence 100 amp) implemented in January 2008. In January 2010 the Reliability Charge increased to \$10.00 (small residence 100 amp).

Source: Riverside Public Utilities, Finance Services

**Table 13  
City of Riverside  
Electricity Rates  
Last Ten Fiscal Years  
(Average Rate in Dollars per Kilowatt-Hour)**

<b>Fiscal Year Ended June 30</b>	<b><u>Residential</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Other</u></b>
<b>2006</b>	0.12222	0.11330	0.08798	0.12373
<b>2007</b>	0.12621	0.12164	0.09059	0.14493
<b>2008</b>	0.13613	0.13781	0.09658	0.16099
<b>2009</b>	0.14389	0.15122	0.10271	0.17169
<b>2010</b>	0.15307	0.16014	0.10756	0.17876
<b>2011</b>	0.16173	0.16001	0.11194	0.18089
<b>2012</b>	0.16068	0.15991	0.11088	0.17938
<b>2013</b>	0.16274	0.15913	0.11030	0.18375
<b>2014</b>	0.15995	0.15936	0.11156	0.18513
<b>2015</b>	0.16050	0.16022	0.11282	0.18291

Source: Riverside Public Utilities, Finance Services

**Table 14**  
**City of Riverside**  
**Top 10 Electricity Customers**  
**Current Year and Nine Years Ago**

Electricity Customer	2015			2006	
	Electricity Charges	Rank	Percent of Total Electric Revenues	Electricity Charges	Rank
Local University	\$11,412,923	1	3.80%	\$5,721,910	3
Local Government	8,594,043	2	2.86%	6,055,610	2
Local Government	8,073,889	3	2.69%	6,800,955	1
Local School District	4,311,950	4	1.43%	3,528,009	4
Corporation	4,070,777	5	1.35%	3,251,327	5
Corporation	3,897,219	6	1.30%	2,014,477	6
Corporation	2,935,854	7	0.98%		
Hospital	2,530,436	8	0.84%	1,500,129	9
Corporation	2,250,391	9	0.75%		
Corporation	2,214,992	10	0.74%		
Corporation				1,688,791	7
Corporation				1,543,389	8
Hospital				1,456,954	10
	<u>\$50,292,474</u>		<u>16.74%</u>	<u>\$33,561,551</u>	
Retail Sales Per Financial Statements	\$300,621,570			\$ 217,238,904	

N/A - not available

Source: Riverside Public Utilities, Finance Services



**Table 15**  
**City of Riverside**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

(in thousands)

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Redevelopment Bonds	Revenue Bonds	Pension Obligation Bonds	Certificates of Participation	Capital Leases	Notes/Loans Payable
2006	19,858	140,195	-	146,470	55,571	6,008	10,215
2007	19,331	296,598	-	144,450	192,874	4,929	9,759
2008	18,774	292,244	-	142,170	200,273	9,391	9,040
2009	18,171	285,743	-	139,410	198,268	7,455	8,749
2010	17,533	278,867	-	136,050	211,212	6,303	9,291
2011	16,845	305,195	-	132,095	207,246	6,670	8,849
2012	16,107	-	-	127,480	202,703	5,220	4,000
2013	15,314	-	43,762	122,005	158,697	8,424	28,652
2014	14,460	-	42,344	115,775	191,446	13,168	47,611
2015	13,546	-	40,891	108,725	187,212	14,966	45,574

Fiscal Year	Business-Type Activities			Total Primary Government	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
	Revenue Bonds	Notes/Loans Payable	Capital Leases			
2006	509,577	9,841	317	898,052	15.47%	3.13
2007	482,929	9,211	253	1,160,334	18.67%	4.01
2008	720,749	8,569	211	1,401,421	21.51%	4.80
2009	670,512	7,915	2,574	1,342,931	20.15%	4.54
2010	968,393	7,249	2,151	1,637,049	24.83%	5.44
2011	1,071,554	76,747	1,720	1,826,921	27.58%	6.01
2012	1,063,853	73,821	1,332	1,494,516	21.94%	4.84
2013	1,031,839	70,798	2,558	1,482,049	21.41%	4.75
2014	1,094,290	36,030	2,266	1,557,390	22.54%	4.96
2015	1,239,634	37,225	1,720	1,689,493	24.64%	5.38

<sup>1</sup> These ratios are calculated using personal income and population data for the prior calendar year.

Source: City of Riverside Notes to Financial Statements and Statistical Table 20.

**Table 16**  
**City of Riverside**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

(in thousands, except per capita amount)

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Pension Bonds</b>	<b>Certificates of Participation</b>	<b>Tax Allocation Bonds</b>	<b>Total</b>	<b>Percent of Assessed Value <sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
2006	19,858	146,470	55,571	140,195	362,094	2.48%	1,264
2007	19,331	144,450	192,874	296,598	653,253	3.98%	2,260
2008	18,774	142,170	200,273	292,244	653,461	3.64%	2,239
2009	18,171	139,410	198,268	285,743	641,592	3.52%	2,167
2010	17,533	136,050	211,212	278,867	643,662	3.82%	2,140
2011	16,845	132,095	207,246	305,195	661,381	4.03%	2,175
2012	16,107	127,480	202,703	-	346,290	2.12%	1,122
2013	15,314	122,005	158,697	-	296,016	1.80%	949
2014	14,460	115,775	191,446	-	321,681	1.91%	1,024
2015	13,546	108,725	187,212	-	309,483	1.73%	985

Notes:

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (which, the City has none.)

<sup>1</sup> Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

<sup>2</sup> These ratios are calculated using population data for the prior calendar year.

Source: City of Riverside Notes to Financial Statements and Reserve Cash Reconciliation maintained by City Finance Department.

**Table 17**  
**City of Riverside**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2015**

2014-15 Assessed Valuation:	\$ 24,385,436,991
Less Dissolved Redevelopment Agency Incremental Valuation:	<u>6,518,424,847</u>
Adjusted Assessed Valuation:	<u><u>\$ 17,867,012,144</u></u>

	<u>Total Debt</u>	<u>% Applicable</u>	<u>City's Share of Debt<sup>1</sup></u>
<b>Overlapping debt repaid with property taxes<sup>2</sup></b>			
Metropolitan Water District	\$ 1,104,200	1.062%	\$ 1,172,660
Riverside City Community College District	227,097,323	29.434	66,843,826
Alvord Unified School District	224,305,233	71.075	159,424,944
Riverside Unified School District	135,170,000	86.833	117,372,166
Corona-Norco Unified School District	252,200,000	0.001	2,522
Jurupa Unified School District	44,750,000	0.002	895
Moreno Valley Unified School District	33,588,525	10.606	3,562,399
Alvord Unified School District Community District No.2006-1	7,760,000	82.333	6,389,041
Riverside Unified School District Community Facilities Districts	79,344,000	89.479-100.	79,214,269
City of Riverside Community Facilities Districts	13,655,000	100.	13,655,000
City of Riverside 1915 Act Bonds	25,615,000	100.	<u>25,615,000</u>
Total overlapping debt repaid with property taxes			<u>\$ 473,252,722</u>

(continued)

**Table 17  
City of Riverside  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2015**

**Other overlapping debt<sup>2</sup>**

Riverside County General Fund Obligations	\$ 657,146,822	10.903%	\$ 71,648,718
Riverside County Pension Obligations	320,470,000	10.903	34,940,844
Riverside County Board of Education Certificates of Participation	1,835,000	10.903	200,070
Alvord Unified School District Certificates of Participation	2,027,062	71.075	1,440,734
Corona-Norco Unified School District Certificates of Participation	27,900,000	0.001	279
Jurupa Unified School District Certificates of Participation	14,550,000	0.002	291
Moreno Valley Unified School District Certificates of Participation	12,475,005	10.606	1,323,099
Riverside Unified School District General Fund Obligations	11,145,000	86.833	9,677,538
			<hr/>
Total other overlapping debt			119,231,573
Less: Riverside County supported obligations			920,023
			<hr/>
			118,311,550
			<hr/>
Overlapping tax Increment debt			242,753,868
			<hr/>
Total overlapping debt			834,318,140
			<hr/>
City direct debt			410,914,000
			<hr/>
Combined total direct and overlapping debt			\$ 1,245,232,140
			<hr/>

(1) Debt balances are as of April 1, 2015 (most recent available) for other agency debt, and June 30, 2015 for all City of Riverside direct debt.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, non-bonded capital lease obligations. Qualified Zone Academy bonds are included based on principal due at maturity.

Ratios to 2014-15 Assessed Valuation:

Total debt repaid with property taxes.....	1.94%
City direct debt (\$364,961,641).....	1.69%
Combined total direct and overlapping debt.....	5.11%

Ratios to Dissolved Redevelopment Incremental Valuation (\$6,518,424,847):

Total overlapping tax Increment debt.....

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc., Riverside County Auditor-Controller and City Finance Department.

**Table 18**  
**City of Riverside**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

(in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed valuation	\$14,614,159	\$16,395,629	\$17,950,082	\$ 18,243,019	\$ 16,840,575	\$ 16,396,996	\$ 16,342,830	\$ 16,415,712	\$ 16,851,786	\$ 17,867,012
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,653,540	4,098,907	4,487,521	4,560,755	4,210,144	4,099,249	4,085,708	4,103,928	4,212,947	4,466,753
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	548,031	614,836	673,128	684,113	631,522	614,887	612,856	615,589	631,942	670,013
Total net debt applicable to limit:	19,858	19,331	18,774	18,171	17,533	16,845	16,107	15,314	14,460	13,546
Legal debt margin	528,173	595,505	654,354	665,942	613,989	598,042	596,749	600,275	617,482	656,467
Total net debt applicable to the limit as a percentage of debt limit	3.6%	3.1%	2.8%	2.7%	2.8%	2.7%	2.6%	2.5%	2.3%	2.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City of Riverside, Statistical Table 7 and Notes to Financial Statements.

**Table 19**  
**City of Riverside**  
**Pledged-Revenue Coverage**  
**Business Type Activity Debt**  
**Last Ten Fiscal Years**

(in thousands)

Fiscal Year	Electric Revenue Bonds						Water Revenue Bonds					
	Pledged Revenue <sup>1</sup>	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage	Pledged Revenue <sup>1</sup>	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2006	265,086	184,421	80,665	15,015	15,245	2.67	66,226	27,028	39,198	3,875	3,790	5.11
2007	289,784	187,700	102,084	18,815	14,200	3.09	55,699	29,461	26,238	4,300	3,454	3.38
2008	314,733	219,680	95,053	19,460	16,790	2.62	67,312	33,827	33,485	4,355	4,275	3.88
2009	320,447	202,904	117,543	20,572	24,941	2.58	60,886	35,639	25,247	4,473	6,728	2.25
2010	320,560	199,040	121,520	21,574	22,572	2.75	61,985	35,953	26,032	4,533	8,008	2.08
2011	319,177	212,878	106,299	23,029	25,087	2.21	84,328	35,220	49,108	4,799	9,263	3.49
2012	340,098	221,876	118,222	25,174	27,630	2.24	73,557	35,309	38,248	4,708	8,872	2.82
2013	348,187	226,997	121,190	18,486	25,941	2.73	72,700	35,940	36,760	5,395	8,700	2.61
2014	347,541	241,136	106,405	21,632	27,575	2.16	71,317	37,698	36,761	4,574	8,536	2.80
2015	348,244	257,095	91,149	15,485	26,532	2.17	66,010	36,492	29,518	5,258	8,342	2.17

Fiscal Year	Sewer Revenue Bonds					
	Pledged Revenue <sup>1</sup>	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	31,470	26,865	4,605	666	151	5.64
2011	37,772	27,575	10,197	692	125	12.48
2012	42,562	29,632	12,930	692	5,471	2.10
2013	52,944	29,999	22,945	7,465	10,891	1.25
2014	52,098	28,930	23,168	7,753	10,781	1.25
2015	51,288	27,598	23,690	8,056	10,958	1.25

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Amounts have been calculated in accordance with the provisions set forth in the debt covenants. Total operating expenses exclusive of depreciation. Pledged revenue includes applicable cash set aside in a rate stabilization account in accordance with applicable bond covenants.

The City of Riverside does not have any pledged revenue related to Governmental Activities.

**Table 20**  
**City of Riverside**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

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<b>Calendar Year</b>	<b>Population <sup>1</sup></b>	<b>Personal Income <sup>2</sup> (in thousands)</b>	<b>Per Capita Personal Income <sup>2</sup></b>	<b>Unemployment Rate <sup>3</sup></b>
2005	286,572	5,806,339	20,261	5.4
2006	289,045	6,214,628	21,501	5.1
2007	291,814	6,514,489	22,324	6.1
2008	296,038	6,665,142	22,514	8.6
2009	300,769	6,592,294	21,918	13.7
2010	304,051	6,623,143	21,783	14.8
2011	308,511	6,811,923	22,080	13.7
2012	311,955	6,923,217	22,193	9.7
2013	314,034	6,909,376	22,002	8.4
2014	314,221	6,857,559	21,824	7.9

Sources:

<sup>1</sup> California State Department of Finance.

<sup>2</sup> Demographic Estimates for 2005-2009 are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries. Demographic Estimates for 2010 and later are per the US Census Bureau, most recent American Community Survey.

<sup>3</sup> State of California Employment Development Department.

**Table 21**  
**City of Riverside**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
County of Riverside	11,628	1	7.9%	7,000	1	4.5%
University of California	7,500	2	5.1%	6,294	2	4.0%
Riverside Unified School District	3,500	3	2.4%	2,924	5	1.9%
Kaiser	4,500	4	3.0%	4,000	3	2.6%
City of Riverside	2,461	5	1.7%	2,460	6	1.6%
Riverside Community Hospital	1,900	6	1.3%	1,641	10	1.1%
Riverside County Office of Education	1,765	7	1.2%	1,782	9	1.1%
Alvord Unified School District	1,445	8	1.0%			
Parkview Community Hospital	1,350	9	0.9%			
Riverside Community College District	1,061	10	0.7%	3,350	4	2.2%
Fleetwood Enterprises				2,386	7	1.5%
Pacific Bell				1,800	8	1.2%
<b>Total</b>	<b>37,110</b>		<b>25.1%</b>	<b>33,637</b>		<b>21.7%</b>

Source: City of Riverside, Finance Department



**Table 22**  
**City of Riverside**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014<sup>2</sup></b>	<b>2015</b>
General government	377.15	412.22	436.35	439.10	433.40	431.40	440.40	413.90	356.25	361.25
Public safety (sworn and non-sworn personnel)										
Police <sup>1</sup>	589.33	618.33	637.33	591.93	589.93	589.93	599.93	596.75	551.75	553.75
Fire	221.73	251.73	254.21	254.21	255.46	255.46	255.46	255.46	255.00	255.00
Highways and streets	262.35	286.35	318.35	369.65	349.50	348.11	357.11	362.11	333.48	308.00
Sanitation	59.49	60.29	64.29	58.60	59.00	56.00	56.00	57.00	59.00	57.00
Culture and recreation	311.45	324.26	339.52	340.71	328.07	328.07	341.22	351.48	269.98	274.45
Airport	6.00	7.00	7.00	7.00	7.00	9.50	9.50	9.50	6.00	6.00
Water	133.00	142.00	167.00	167.00	177.65	180.15	181.15	181.15	182.15	181.15
Electric	337.60	351.35	404.60	408.10	419.45	448.50	452.50	459.50	462.50	464.50
<b>Total</b>	<b>2,298.10</b>	<b>2,453.53</b>	<b>2,628.65</b>	<b>2,636.30</b>	<b>2,619.46</b>	<b>2,647.12</b>	<b>2,693.27</b>	<b>2,686.85</b>	<b>2,476.11</b>	<b>2,461.10</b>

<sup>1</sup> In fiscal year 2009 the Crossing Guards program (46.40 FTEs) was moved from the Police Department to the Public Works Department (highways and streets).

<sup>2</sup> In fiscal year 2013/14 the City Council deleted a number of long-term unfunded positions.

Source: City of Riverside, Finance Department

**Table 23**  
**City of Riverside**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Arrests	10,093	9,827	9,367	10,150	8,690	8,118	7,736	8,362	9,321	10,310
Fire										
Number of calls answered	26,696	27,458	27,429	26,397	26,484	27,322	27,637	29,988	30,668	32,943
Inspections	19,261	7,261	10,812	7,638	7,234	6,505	10,074	10,151	12,476	8,770
Public works:										
Street resurfacing (miles)	51.26	73.40	26.27	18.90	20.00	21.25	18.43	16.50	35.38	38.75
Parks and recreation										
Number of recreation classes	16,272	19,079	22,146	21,884	27,762	37,303	43,318	41,364	45,707	43,007
Number of facility rentals	27,483	32,980	35,076	36,822	34,565	42,638	43,288	43,358	46,432	44,363
Water										
Number of accounts	62,985	63,431	63,494	64,062	64,231	64,349	64,367	64,591	64,829	65,102
Annual consumption (ccf)	28,865,030	32,110,208	30,583,266	29,721,236	26,687,271	25,902,439	27,062,142	28,186,178	28,887,304	26,007,490
Electric										
Number of accounts	104,294	105,226	106,015	106,385	106,335	106,855	107,321	107,525	108,358	109,327
Annual consumption (kwh)	2,359	2,462	2,526	2,282	2,089	2,016	2,103	2,193	2,152	2,167
Sewer:										
New connections	16,717	15,423	16,412	18,765	16,971	17,746	18,166	17,607	17,274	17,553
Average daily sewage treatment (millions of gallons)	35.91	32.50	32.10	33.00	33.29	30.06	29.84	29.57	28.49	27.15

<sup>1</sup> Amounts expressed in millions

N/A - not available

Source: City of Riverside, various departments

**Table 24**  
**City of Riverside**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2006	2007 (1)	2008	2009	2010	2011	2012	2013	2014	2015
<b>Public Safety</b>										
Police										
Stations	3	3	3	3	3	3	3	3	3	3
Substations	5	4	4	5	4	4	4	4	4	4
Helicopters	4	4	4	4	4	4	4	4	3	3
Fire										
Stations	13	14	14	14	14	14	14	14	14	14
Active apparatus	29	30	30	30	30	26	27	28	28	31
Reserve apparatus	6	6	6	7	7	9	9	11	11	8
Training facilities	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	845.35	852.04	864.68	866.89	867.96	868.39	868.70	868.89	871.19	872.16
Streetlights	28,847	29,028	29,312	29,675	29,757	29,868	29,933	29,949	29,968	29,986
Signalized intersections	353	358	363	365	362	362	365	365	367	386
Culture and recreation										
Parks acreage	2,534.00	2,773.00	2,773.00	2,773.00	2,773.00	2,811.00	2,811.00	2,891.00	2,911.80	2,926.80
Community centers	11	11	11	11	11	11	11	11	11	11
Playgrounds	27	38	38	41	41	41	41	43	44	44
Swimming pools	6	7	7	7	7	7	7	7	7	7
Softball & baseball diamonds	33	44	44	44	44	49	51	54	54	54
Library branches	6	6	6	7	7	8	8	8	8	8
Museum exhibit-fixed	7	13	8	6	5	8	5	3	3	4
Museum exhibit-special	-	2	5	2	2	2	1	4	4	5
Water										
Fire hydrants	7,127	7,187	7,381	7,523	7,593	7,632	7,682	7,726	7,754	7,758
Sewer										
Sanitary sewers (miles)	775	785	794	794	820	823	829	829	829	820
Electric										
Miles of overhead distribution system	527.0	528.0	523.5	522.0	519.0	517.0	515.0	513.0	513.0	513.0
Miles of underground system	663.0	704.0	741.6	769.0	782.0	791.0	804.0	810.0	814.0	815.0

Source: City of Riverside, various departments

(1) Museum Fixed Exhibits - In 2007, the Riverside Municipal Museum remodeled a number of the spaces within the museum allowing the museum the opportunity to debut new exhibitions and to display more permanent collections in addition to partnering with others on exhibits that were available that year.



*City of Arts & Innovation*

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