



# Comprehensive Annual Financial Report Year Ended June 30, 2014

*Seizing Our Destiny: The Movement for Riverside's Prosperous Future*



**CITY OF RIVERSIDE, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

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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, 2014**

**TABLE OF CONTENTS**

<b>INTRODUCTORY SECTION</b>	<b>Page</b>
Letter of Transmittal.....	i
GFOA Certificate of Achievement.....	v
Legislative and City Officials.....	vi
Organization Chart.....	vi
<b>FINANCIAL SECTION</b>	
Report of Independent Auditors.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	21
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Position.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	25
Statement of Net Position – Proprietary Funds.....	26
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	28
Statement of Cash Flows – Proprietary Funds.....	29
Statement of Net Position/(Deficit) Fiduciary Funds.....	31
Statement of Changes in Net Position/(Deficit) Fiduciary Fund – Private-Purpose Trust.....	32
Notes to Basic Financial Statements.....	33
Required Supplementary Information (Unaudited).....	63
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	67
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds.....	69
Combining Statement of Net Position – Nonmajor Enterprise Funds.....	73
Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Enterprise Funds.....	75

**CITY OF RIVERSIDE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

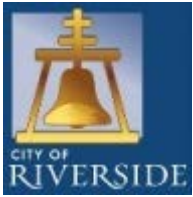
**FINANCIAL SECTION (CONT.)**

Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	76
Combining Statement of Net Position – Internal Service Funds.....	79
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds.....	80
Combining Statement of Cash Flows – Internal Service Funds.....	81
Combining Statement of Changes in Assets and Liabilities – Agency Fund.....	84
Capital Assets Used in the Operation of Governmental Funds: Schedule by Source.....	86

**STATISTICAL SECTION**

Table

1	Net Position by Component – Last Ten Fiscal Years.....	88
2	Changes in Net Position – Last Ten Fiscal Years.....	89
3	Fund Balances of Governmental Funds – Last four Fiscal Years.....	91
4	Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	92
5	Business-Type Activities Electricity Revenues By Source – Last Ten Fiscal Years.....	94
6	Governmental Activities Tax Revenues By Source – Last Ten Fiscal Years.....	95
7	Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	96
8	Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years.....	97
9	Principal Property Taxpayers – Current Year and Nine Years Ago.....	98
10	Property Tax Levies and Collections – Last Ten Fiscal Years.....	99
11	Electricity Sold by Type of Customer – Last Ten Fiscal Years.....	100
12	Electricity Rates – Last Ten Fiscal Years.....	101
13	Top 10 Electricity Customers – Current Year and Nine Years Ago.....	102
14	Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	103
15	Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	104
16	Direct and Overlapping Governmental Activities Debt.....	105
17	Legal Debt Margin Information – Last Ten Fiscal Years.....	107
18	Pledged-Revenue Coverage Business Type Activity Debt – Last Ten Fiscal Years.....	108
19	Demographic and Economic Statistics – Last Ten Calendar Years .....	109
20	Principal Employers – Current Year and Nine Years Ago.....	110
21	Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years.....	111
22	Operating Indicators by Function – Last Ten Fiscal Years.....	112
23	Capital Asset Statistics by Function – Last Ten Fiscal Years.....	113



December 8, 2014

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, 2014.

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, 2014. 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 MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **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 the 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 23 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 68.

**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 314,034, which places it as the sixth largest in Southern California.

Unemployment in the MSA is currently at 8.4% down from 9.7% for the same period last year with modest improvements in the real estate and home building sectors. The Citywide budget for the fiscal year 2014/2015 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:** Seizing Our Destiny 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 2014/15 - 2018/19 total approximately \$505 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.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Program) to the City of Riverside for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. 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 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.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department, particularly the leadership of Jason Al-Imam, Controller. 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,

Handwritten signature of Scott C. Barber in black ink.

Scott C. Barber  
City Manager

Handwritten signature of Brent A. Mason in blue ink.

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, 2013**

A handwritten signature in black ink, appearing to read 'Jeffrey R. Emen'. The signature is fluid and cursive.

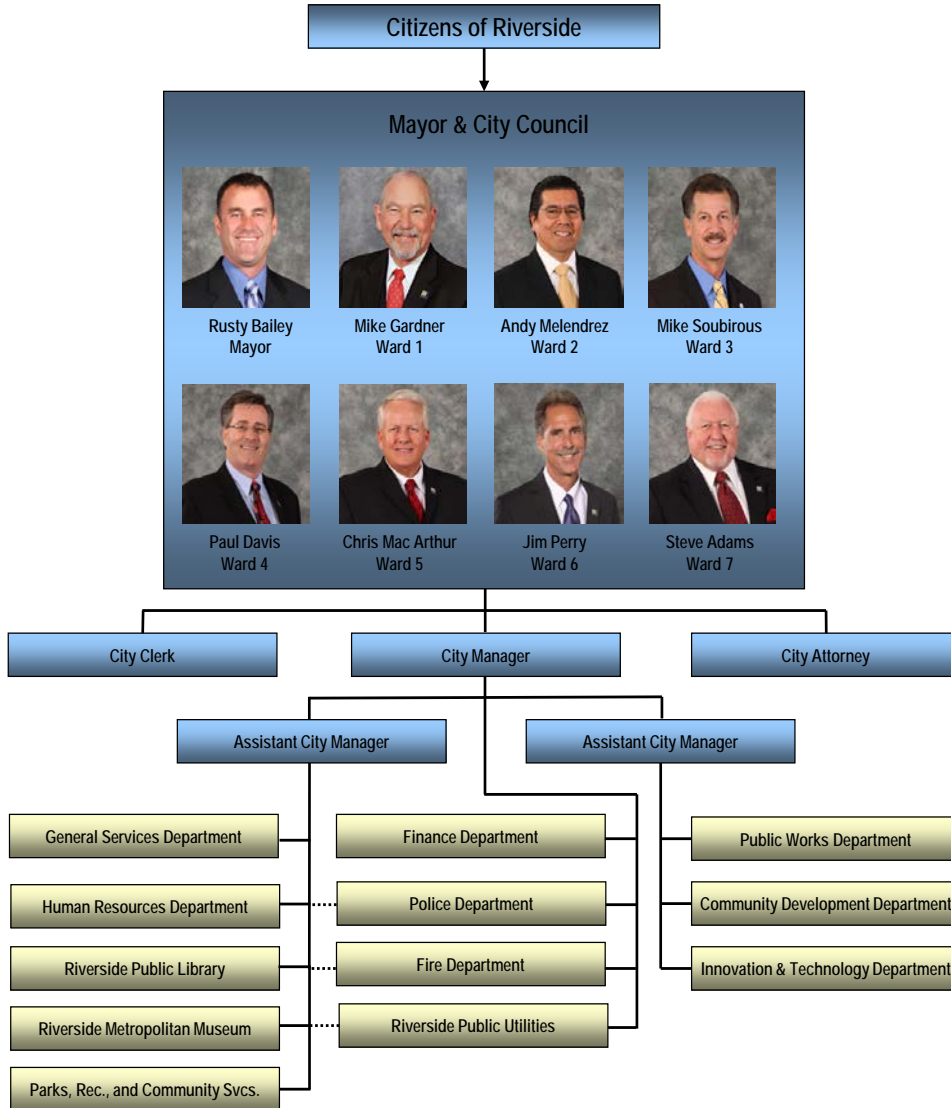
Executive Director/CEO

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, 2013.

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  
 Steve Adams ..... Councilmember – Ward 7

## CITY OFFICIALS

Scott C. Barber ..... City Manager\*  
 Belinda Graham ..... Assistant City Manager  
 Deanna Lorson ..... Assistant City Manager

Colleen J. Nicol ..... City Clerk\*  
 Cristina Talley ..... Interim City Attorney\*  
 Sergio G. Diaz ..... Chief of Police  
 Lea Deesing ..... Chief Innovation Officer  
 Al Zelinka ..... Community Development Director  
 Brent A. Mason ..... Finance Director/Treasurer  
 Michael Moore ..... Fire Chief  
 Kris Martinez ..... General Services 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  
 Tom Boyd ..... Public Works Director/City Engineer

\*Appointed by City Council

Sacramento

Walnut Creek

Oakland

LA/Century City

San Diego

Seattle

## Independent Auditor's Report

To the 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, 2014, 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, 2014, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014 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.



Newport Beach, California  
December 8, 2014

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

As management of the City of Riverside, we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2014. 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 the 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 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 the 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 19-20 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 65-69 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 21-25 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, 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 73-81 in this report.

The basic proprietary fund financial statements can be found on pages 26-29 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 31-32 of this report, and the combining statement for the agency fund can be found on page 84.

**Notes to the 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 the financial statements begin on page 33 of this report.

### 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.

	Governmental Activities		Business type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 391,053	\$ 368,905	\$ 740,238	\$ 814,367	\$1,131,291	\$1,183,272
Capital assets, net	1,359,060	1,318,614	1,587,102	1,454,228	2,946,162	2,772,842
Total assets	1,750,113	1,687,519	2,327,340	2,268,595	4,077,453	3,956,114
Deferred Outflows of Resources	19,880	19,763	40,444	40,453	60,324	60,216
Current liabilities	65,949	71,349	154,937	159,173	220,886	230,522
Long-term liabilities	503,073	452,721	1,159,042	1,130,283	1,662,115	1,583,004
Total liabilities	569,022	524,070	1,313,979	1,289,456	1,883,001	1,813,526
Deferred Inflows of Resources	49	1,026	8,756	10,000	8,805	11,026
Net position:						
Net investment in capital assets	1,106,384	1,083,485	616,844	609,691	1,723,228	1,693,176
Restricted	96,587	80,712	68,506	69,068	165,093	149,780
Unrestricted	(2,049)	17,989	359,699	330,833	357,650	348,822
Total net position	\$ 1,200,922	\$ 1,182,186	\$ 1,045,049	\$ 1,009,592	\$2,245,971	\$2,191,778

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,245,971 at June 30, 2014, an increase of \$54,193 from June 30, 2013.



By far the largest portion of the City's net position (77 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 (7 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, \$359,699 is held by the business type activities and \$(2,049) net deficit is held by the governmental activities.

The City's total net position increased by \$54,193 during the current fiscal year, which reflects growth in governmental activities of \$18,736 as well as an increase of \$35,457 in business type activities. Governmental operating results is discussed on page 9 and business-type operating results is discussed on page 12.

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, 2014 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.

(Balance of page intentionally left blank)

(Amount presented in Thousands)

	Governmental Activities		Business type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charge for services	\$ 46,112	\$ 42,193	\$ 485,462	\$ 487,540	\$ 531,574	\$ 529,733
Operating Grants and Contributions	14,341	21,485	2,524	2,718	16,865	24,203
Capital Grants and Contributions	48,433	32,202	11,486	11,734	59,919	43,936
General Revenues:						
Sales taxes	55,096	50,222	-	-	55,096	50,222
Property taxes	51,323	52,904	-	-	51,323	52,904
Other taxes and fees	37,327	37,205	-	-	37,327	37,205
Investment income	2,759	2,786	8,005	4,744	10,764	7,530
Other	5,688	9,208	7,081	5,767	12,769	14,975
Total Revenues	<u>261,079</u>	<u>248,205</u>	<u>514,558</u>	<u>512,503</u>	<u>775,637</u>	<u>760,708</u>
Expenses:						
General government	39,331	54,808	-	-	39,331	54,808
Public safety	149,555	147,652	-	-	149,555	147,652
Highways and streets	36,564	35,072	-	-	36,564	35,072
Culture and recreation	42,252	40,077	-	-	42,252	40,077
Interest on long-term debt	17,741	16,627	-	-	17,741	16,627
Electric	-	-	304,416	292,175	304,416	292,175
Water	-	-	60,030	58,768	60,030	58,768
Sewer	-	-	40,385	43,945	40,385	43,945
Refuse	-	-	20,831	20,581	20,831	20,581
Airport	-	-	1,662	2,029	1,662	2,029
Transportation	-	-	4,067	3,745	4,067	3,745
Public parking	-	-	4,610	5,051	4,610	5,051
Total expenses	<u>285,443</u>	<u>294,236</u>	<u>436,001</u>	<u>426,294</u>	<u>721,444</u>	<u>720,530</u>
Increase (decrease) in net position before transfers and extraordinary items	(24,364)	(46,031)	78,557	86,209	54,193	40,178
Transfers, net	43,100	42,262	(43,100)	(42,262)	-	-
Extraordinary items:						
Power Plant Closure	-	-	-	(41,259)	-	(41,259)
Total changes in net position	<u>18,736</u>	<u>(3,769)</u>	<u>35,457</u>	<u>2,688</u>	<u>54,193</u>	<u>(1,081)</u>
Net position - beginning	<u>1,182,186</u>	<u>1,185,955</u>	<u>1,009,592</u>	<u>1,006,904</u>	<u>2,191,778</u>	<u>2,192,859</u>
Net position - ending	<u>\$ 1,200,922</u>	<u>\$ 1,182,186</u>	<u>\$ 1,045,049</u>	<u>\$ 1,009,592</u>	<u>\$ 2,245,971</u>	<u>\$ 2,191,778</u>

**Governmental activities.** Total net position for governmental activities increased by \$18,736 or 2% over prior year. Governmental net position in the prior fiscal year decreased by \$3,769. Key elements of this year's activity in relation to the prior year are as follows:

**Revenues:**

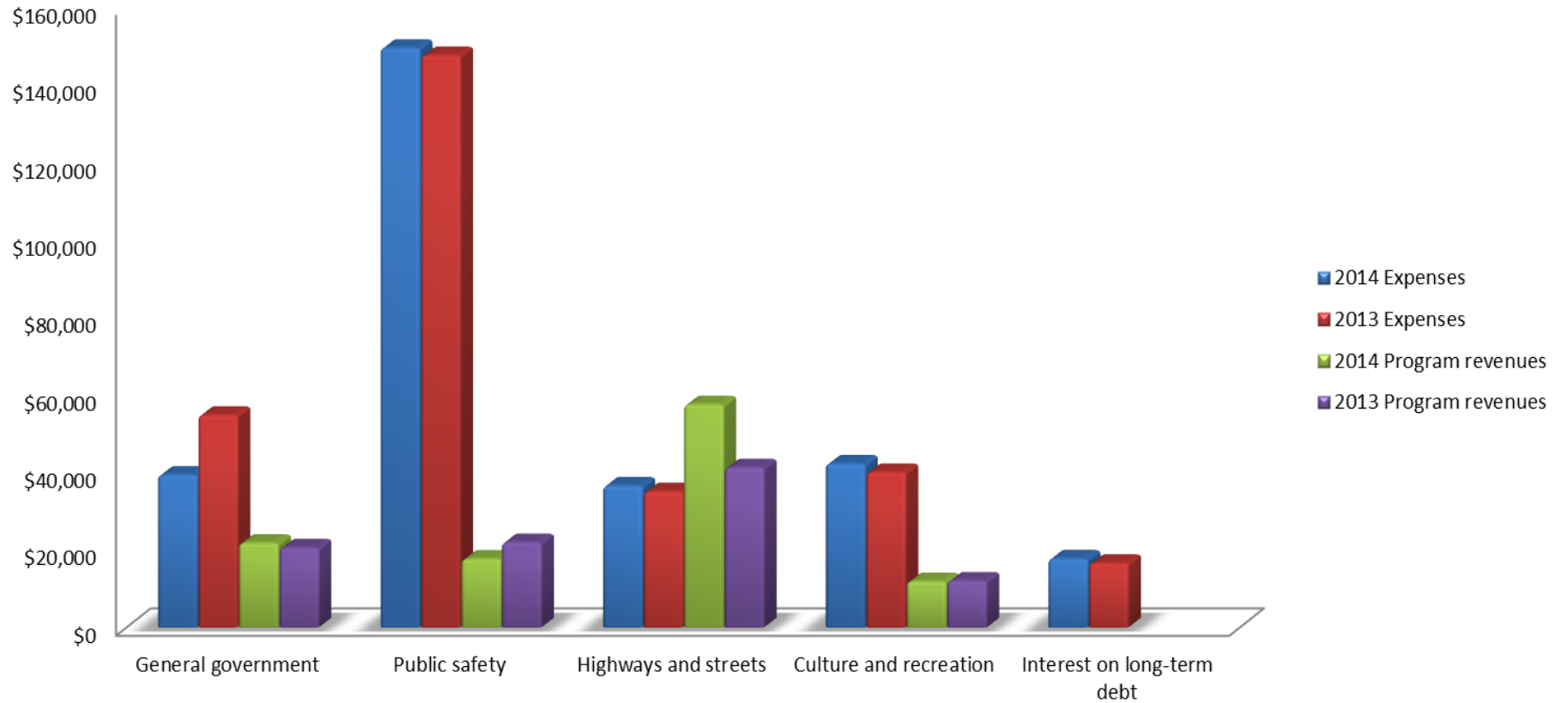
- While variances between years exist for the various revenue categories, the total net increase was approximately \$15 million, which is largely attributable to an increase in grant revenue and sales tax revenue. Overall grants and contributions increased by \$9 million or 17% and sales tax revenue increased by \$4.9 million or 10%. The increase in grants and contributions was primarily attributable to a \$5 million increase in grant revenue associated with the construction of the Streeter grade separation project which began construction in December 2012. The increase in sales tax revenue relates to an increase in general sales and use tax resulting from increased consumer spending.

**Expenses:**

- While variances between years exist for the various expense functions, the total net decrease was approximately \$8.8 million or less than 3%. This is primarily related to the \$10 million judgment recorded in the prior year related to the water settlement.

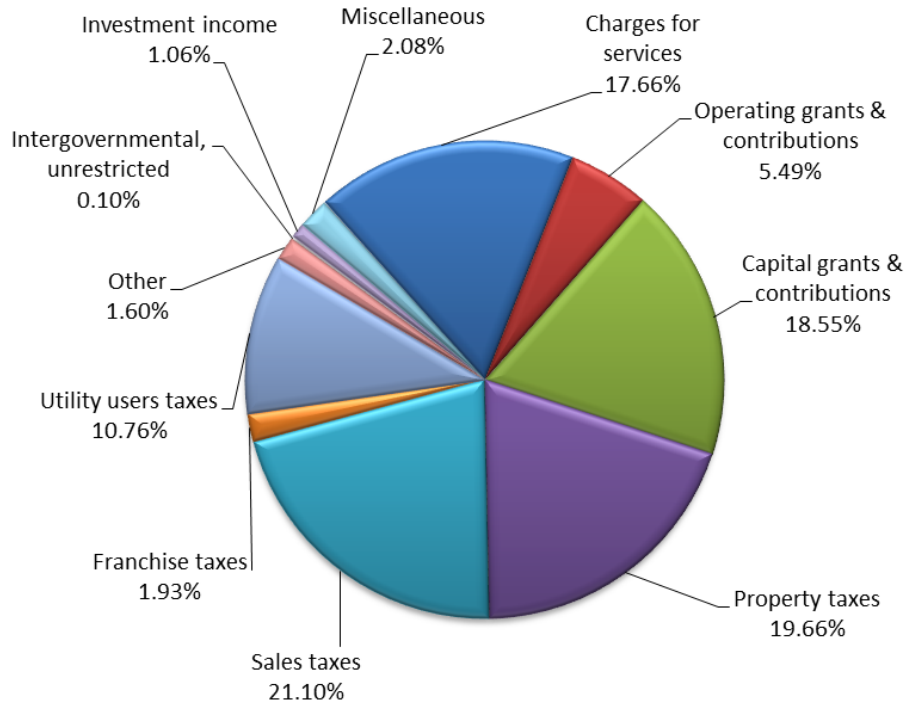
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## Expenses and Program Revenues – Governmental Activities – Fiscal Year Comparison 2014 vs. 2013

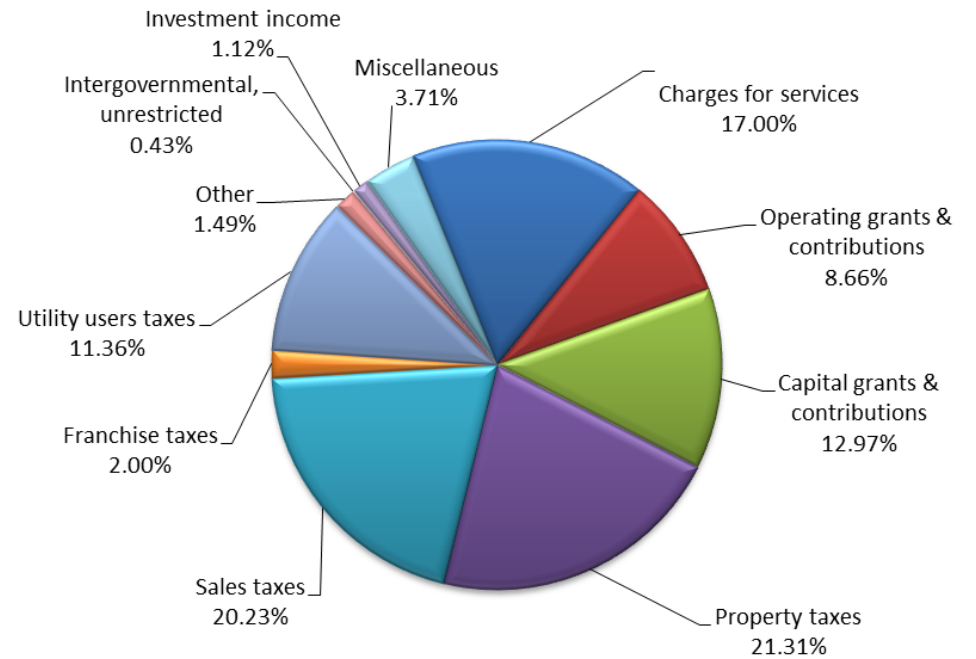


**Revenues by Source – Governmental Activities – Fiscal Year Comparison 2014 vs. 2013**

**2014**



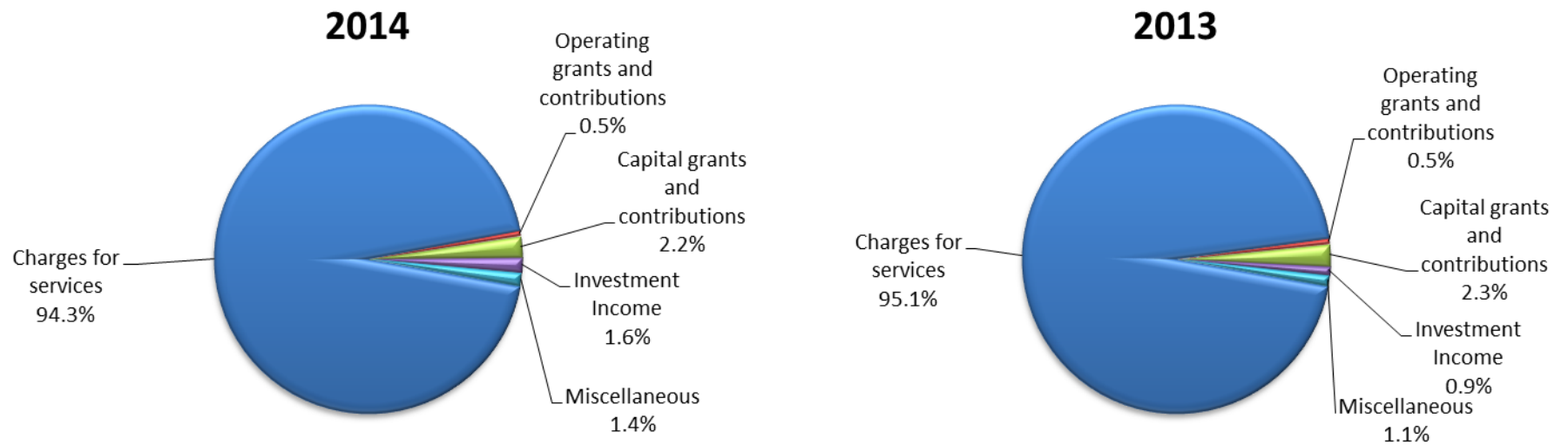
**2013**



**Business-type activities.** The net position of business type activities increased by \$35,457, accounting for a 3.5% increase in total net position. The net position of business type activities increased by \$2,688 in the prior year. Key elements of this year’s activity in relation to the prior year are as follows:

- The increase primarily related to a one-time non-recurring expense of \$41,000 incurred in the prior year as a result of the San Onofre Power Plant closure, which was partially offset by the following:
  - Charges for services remained relatively flat along service lines resulting in an overall decrease of \$2,078.
  - Overall expenses increased by \$9,707 primarily in Electric due to production and purchased power expense increase of \$7,361 related to increased energy prices.

**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.

	General Fund		Capital Outlay		Other Governmental Funds		Total Governmental Funds	
	2014	2013	2014	2013	2014	2013	2014	2013
Total assets	\$ 109,891	\$ 114,204	\$ 71,633	\$ 42,321	\$ 121,524	\$ 120,689	\$ 303,048	\$ 277,214
Total liabilities	\$ 26,114	\$ 30,309	\$ 29,406	\$ 34,353	\$ 15,312	\$ 15,525	\$ 70,832	\$ 80,187
Deferred inflows of resources								
Unavailable revenue	4,917	6,804	4,860	6,536	34,522	34,371	44,299	47,711
Fund balances								
Nonspendable	24,419	26,421	-	-	1,460	1,441	25,879	27,862
Restricted	2,204	2,196	37,367	1,432	71,963	69,352	111,534	72,980
Assigned	14,505	10,711	-	-	-	-	14,505	10,711
Unassigned	37,732	37,763	-	-	(1,733)	-	35,999	37,763
Total fund balance	78,860	77,091	37,367	1,432	71,690	70,793	187,917	149,316
Total liabilities, deferred inflows and fund balances	\$ 109,891	\$ 114,204	\$ 71,633	\$ 42,321	\$ 121,524	\$ 120,689	\$ 303,048	\$ 277,214

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$187,917 an increase of \$38,601 compared to the prior year. Additionally, 14% of the fund balance (\$25,879) is *nonspendable*, which comprises the portion of fund balance that cannot be spent due to form. \$111,534 or 59% 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. \$14,505 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, \$36,000 has been set aside for future economic contingencies at June 30, 2014 whereas \$34,000 had been set aside in the previous year. The City's governmental funds reported combined total assets of \$303,048 at June 30, 2014, an increase of \$25,834 compared to the prior year. Liabilities and deferred inflows of resources amounted to \$115,131, a decrease of \$12,767. This primary reason for the increase in total assets and related fund balances is due to unspent bond proceeds in the Capital Outlay Fund associated with the 2013 Certificates of Participation.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled \$78,860 in comparison to \$77,091 in the prior year. The portion of fund balance classified as unassigned was \$37,732, most of which was set aside for future economic contingencies.

Fund balance for the Capital Outlay Fund increased by \$35,935. As mentioned previously, the primary reason for the increase is due to unspent bond proceeds in the Capital Outlay Fund associated with the 2013 Certificates of Participation.

***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 \$258,514, \$78,570, and \$19,066 respectively. The unrestricted net position for the Electric, Water and Sewer Funds in the prior year was \$241,696, \$69,996, and \$18,651, respectively. The increase in unrestricted net position for the Electric, Water and Sewer Funds is primarily a result of operating activities as described below.

The Electric Fund operating results experienced a decrease in charges for services of \$3,896 or 1.2%, primarily from the effects of a decrease in retail load as a result of cooler than normal temperatures. Retail sales (residential, commercial, industrial, and other sales) represent 85.9% of total revenues. Retail sales, net of reserve/recovery were \$295,214 and \$300,238 for years ended June 30, 2014 and 2013, respectively. Operating expenses increased \$12,400 or 4.6%, which primarily relates to an increase in purchased power and distribution costs.

The Water Fund reported strong operating results, with retail sales exceeding the previous year's results. Retail sales (residential, commercial, industrial, and other sales) represent 91.5% of total revenues. Retail sales, net of reserve/recovery were \$62,762 and \$61,837



for the years ended June 30, 2014 and 2013, respectively. The increase in sales was primarily due to a 1.7% increase in commercial consumption.

Net position of the Sewer Fund increased by \$10,993 and \$2,173 for the years ended June 30, 2014 and 2013, respectively. Operating revenues increased by \$2,390 or 5.5% primarily as a result of a rate increase and an increase in capital improvement fee revenue coupled with a reduction in interest expense and overall operating expenses.

### General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Total Revenues	<u>\$179,955</u>	<u>\$197,601</u>	<u>\$196,852</u>	<u>(\$749)</u>
Expenditures:				
General Government	10,636	15,422	10,351	5,071
Public Safety	136,974	149,851	149,450	401
Highways & Streets	18,369	20,213	16,944	3,269
Culture & Recreation	30,331	36,165	34,165	2,000
Capital Outlay	156	13,039	8,589	4,450
Debt Service	15,846	46,786	46,564	222
Total Expenditures	<u>212,312</u>	<u>281,476</u>	<u>266,063</u>	<u>15,413</u>
Deficiency of Revenue Under Expenditures	(32,357)	(83,875)	(69,211)	14,664
Other Financing Sources	<u>32,357</u>	<u>68,306</u>	<u>70,980</u>	<u>2,674</u>
Net Change in Fund Balances	-	(15,569)	1,769	17,338
Beginning Fund Balance	<u>77,091</u>	<u>77,091</u>	<u>77,091</u>	<u>-</u>
Ending Fund Balance	<u><u>77,091</u></u>	<u><u>\$61,522</u></u>	<u><u>\$78,860</u></u>	<u><u>\$17,338</u></u>

Final budgeted revenues increased from the amount originally budgeted as a result of grant related programs and financing associated with capital projects. 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:

- Approximately \$3.3 million of grant revenue was budgeted but not actually received during the year since the related grant expenditures had not been incurred, which was offset by property tax revenue and sales tax revenue coming in higher than what was budgeted.

- Actual expenditures were less than budgeted amounts by approximately \$15 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, 2014 amounted to \$2,946,162 (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 \$173,320 (\$40,446 for governmental activities including internal service funds and \$132,874 for business type activities).

Major capital improvements during the current fiscal year included: new infrastructure, consisting primarily of street improvements of \$46 million and \$104 million in Sewer capital improvements primarily related to the plant expansion project.

Construction in progress totaled \$293,892 at June 30, 2014. Some of the major projects in process are various Sewer system improvements including phase 1 of the Sewer plant expansion project, the Riverside Transmission Reliability Project (RTRP) and related reliability improvements to the Riverside Public Utility’s Sub-Transmission System. Depreciation expense during the fiscal year was \$42,278 for governmental activities and \$50,526 for business type activities.

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

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$333,799	\$325,215	\$51,115	\$42,636	\$384,914	\$367,851
Intangibles	-	-	21,964	21,890	21,964	21,890
Buildings	125,869	130,051	153,917	158,428	279,786	288,479
Improvements other than Buildings	220,184	182,249	1,072,578	1,052,832	1,292,762	1,235,081
Machinery and equipment	21,016	19,612	26,647	29,057	47,663	48,669
Infrastructure	625,181	622,972	-	-	625,181	622,972
Construction in progress	33,011	38,515	260,881	149,385	293,892	187,900
<b>Total</b>	<b>\$1,359,060</b>	<b>\$1,318,614</b>	<b>\$1,587,102</b>	<b>\$1,454,228</b>	<b>\$2,946,162</b>	<b>\$2,772,842</b>

Additional information on the City’s capital assets can be found in note 5 on page 42 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$1,662,115 which includes bonded debt of \$1,588,315.

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

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue Bonds	\$ -	\$ -	\$1,094,290	\$1,031,839	\$1,094,290	\$1,031,839
General Obligation Bonds	14,460	15,314	-	-	14,460	15,314
Pension Obligation Bonds	115,775	122,005	-	-	115,775	122,005
Certificates of Participation	191,446	158,697	-	-	191,446	158,697
Notes Payable	-	-	36,030	28,137	36,030	28,137
Loans Payable	47,611	28,652	-	42,661	47,611	71,313
Capital Leases	13,168	8,424	2,266	2,558	15,434	10,982
Lease Revenue Bonds	42,344	43,762	-	-	42,344	43,762
Landfill Capping	-	-	6,172	6,457	6,172	6,457
Arbitrage Liability	-	-	14	269	14	269
Compensated Absences	21,996	21,761	7,925	7,638	29,921	29,399
Judgment	6,667	10,000	-	-	6,667	10,000
Claims liability	35,167	31,569	-	-	35,167	31,569
Net OPEB Obligation	14,439	12,537	11,403	9,780	25,842	22,317
Water Acquisition Rights	-	-	942	944	942	944
<b>Total</b>	<u>\$503,073</u>	<u>\$452,721</u>	<u>\$1,159,042</u>	<u>\$1,130,283</u>	<u>\$1,662,115</u>	<u>\$1,583,004</u>

The City’s total debt increased by \$79,111 or 5.0% during the current fiscal year. The net increase primarily resulted from the issuance of the 2014A Sewer Bonds and 2013 Certificates of Participation as well as normal scheduled principal maturities, debt refundings, and an increase in claims payable.

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 \$631,942 at June 30, 2014, which applies only to general obligation debt. At June 30, 2014, the City had \$14,460 of general obligation debt, resulting in available legal debt capacity of \$617,482.

Additional information on the City's long-term debt can be found in note 6 beginning on page 43 of this report.

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

- Unemployment in the City of Riverside is 8.4% as compared to 9.7% 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, 2014 as follows:
  - Miscellaneous Plan – 18.314% to 18.994%.
  - Safety Plan – 26.894% to 29.041%.

At the time of budget preparation for fiscal year 2015, the economic outlook for the City was considered to be stable. The General Fund Budget for fiscal year 2015 of approximately \$240 million was adopted as balanced. It represents an increase from the prior year of approximately 8%, largely related to an increase in pension costs and debt service for the Convention Center renovation and expansion project 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, 2014**  
**(amounts expressed in thousands)**

	Governmental	Business-type	Total
	Activities	Activities	
<b>Assets</b>			
Cash and investments	\$ 62,599	\$ 322,169	\$ 384,768
Receivables, net	113,868	62,962	176,830
Inventory	5,819	2,530	8,349
Prepaid items	241	25,520	25,761
Deposits	300	854	1,154
Derivative instruments	49	-	49
Internal balances	13,328	(13,328)	-
Restricted assets:			
Cash and cash equivalents	-	46,506	46,506
Cash and investments at fiscal agent	43,118	234,179	277,297
Other	-	1,067	1,067
Advances to Successor Agency	46,025	10,236	56,261
Land and improvements held for resale	4,522	-	4,522
Regulatory assets	-	25,921	25,921
Net pension asset	101,184	21,622	122,806
Land and other capital assets not being depreciated	366,810	333,488	700,298
Capital assets (net of accumulated depreciation)	992,250	1,253,614	2,245,864
Total assets	<u>1,750,113</u>	<u>2,327,340</u>	<u>4,077,453</u>
<b>Deferred Outflows of Resources</b>			
Deferred changes in derivative values	14,784	19,277	34,061
Deferred charge on refunding	5,096	21,167	26,263
Total deferred outflows of resources	<u>19,880</u>	<u>40,444</u>	<u>60,324</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	26,399	30,429	56,828
Accrued interest payable	3,519	12,010	15,529
Unearned revenue	7,317	2,229	9,546
Deposits	9,229	4,779	14,008
Derivative instruments	19,485	30,191	49,676
Decommissioning liability	-	75,299	75,299
Noncurrent liabilities:			
Due within one year	76,147	86,427	162,574
Due in more than one year	426,926	1,072,615	1,499,541
Total liabilities	<u>569,022</u>	<u>1,313,979</u>	<u>1,883,001</u>
<b>Deferred Inflows of Resources</b>			
Deferred changes in derivative values	49	-	49
Deferred regulatory charges	-	8,756	8,756
Total deferred inflows of resources	<u>49</u>	<u>8,756</u>	<u>8,805</u>
<b>Net Position</b>			
Net investment in capital assets	1,106,384	616,844	1,723,228
Restricted for:			
Expendable:			
Capital projects	16,943	-	16,943
Debt service	-	51,240	51,240
Economic development	15,328	-	15,328
Landfill capping	-	901	901
Public works	17,439	-	17,439
Housing	45,417	-	45,417
Programs and regulatory requirements	-	16,365	16,365
Nonexpendable	1,460	-	1,460
Unrestricted	(2,049)	359,699	357,650
Total net position	<u>\$ 1,200,922</u>	<u>\$ 1,045,049</u>	<u>\$ 2,245,971</u>

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

City of Riverside  
Statement of Activities  
For the fiscal year ended June 30, 2014  
(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	\$ 39,331	\$ (12,357)	\$ 13,775	\$ 4,114	\$ 3,893	\$ (5,192)		\$ (5,192)	
Public safety	149,555	6,279	7,444	8,444	1,778	(138,168)		(138,168)	
Highways and streets	36,564	3,369	17,487	680	39,370	17,604		17,604	
Culture and recreation	42,252	2,709	7,406	1,103	3,392	(33,060)		(33,060)	
Interest on long-term debt	17,741	-	-	-	-	(17,741)		(17,741)	
Total governmental activities	285,443	-	46,112	14,341	48,433	(176,557)		(176,557)	
Business type activities:									
Electric	304,416		344,037	-	4,008		\$ 43,629	43,629	
Water	60,030		68,691	-	3,534		12,195	12,195	
Sewer	40,385		46,162	-	2,698		8,475	8,475	
Refuse	20,831		20,677	-	-		(154)	(154)	
Airport	1,662		1,100	-	296		(266)	(266)	
Transportation	4,067		413	2,524	950		(180)	(180)	
Public parking	4,610		4,382	-	-		(228)	(228)	
Total business type activities	436,001		485,462	2,524	11,486		63,471	63,471	
Total	\$ 721,444		\$ 531,574	\$ 16,865	\$ 59,919		(176,557)	63,471	(113,086)

General revenues:				
Taxes:				
Sales		55,096	-	55,096
Property		51,323	-	51,323
Utility users		28,092	-	28,092
Franchise		5,046	-	5,046
Transient occupancy tax		4,189	-	4,189
Intergovernmental, unrestricted		263	-	263
Investment income		2,759	8,005	10,764
Miscellaneous		5,425	7,081	12,506
Subtotal		152,193	15,086	167,279
Transfers, net		43,100	(43,100)	-
Total general revenues and transfers		195,293	(28,014)	167,279
Change in net position		18,736	35,457	54,193
Net position - beginning		1,182,186	1,009,592	2,191,778
Net position - ending		\$ 1,200,922	\$ 1,045,049	\$ 2,245,971

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

City of Riverside  
 Balance Sheet  
 Governmental Funds  
 June 30, 2014  
 (amounts expressed in thousands)

Assets	General Fund	Capital Outlay	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 31,017	\$ -	\$ 28,399	\$ 59,416
Cash and investments at fiscal agent	4,564	25,675	12,879	43,118
Receivables (net of allowance for uncollectibles)				
Interest	1	84	134	219
Property taxes	5,027	-	-	5,027
Sales tax	13,106	-	-	13,106
Utility billed	1,182	-	-	1,182
Accounts	8,014	1,700	2	9,716
Intergovernmental	4,445	44,174	2,582	51,201
Notes	-	-	33,267	33,267
Prepaid items	241	-	-	241
Deposits	300	-	-	300
Due from other funds	18,116	-	-	18,116
Advances to other funds	23,226	-	-	23,226
Advances to Successor Agency	652	-	39,739	40,391
Land & improvements held for resale	-	-	4,522	4,522
Total assets	\$ 109,891	\$ 71,633	\$ 121,524	\$ 303,048
<b>Liabilities</b>				
Accounts payable	\$ 7,531	\$ 4,961	\$ 1,564	\$ 14,056
Accrued payroll	8,635	-	30	8,665
Retainage payable	10	134	1,396	1,540
Intergovernmental	159	-	-	159
Unearned revenue	387	6,930	-	7,317
Deposits	9,226	-	3	9,229
Due to other funds	-	17,381	602	17,983
Advances from other funds	166	-	11,717	11,883
Total liabilities	26,114	29,406	15,312	70,832
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	4,917	4,860	34,522	44,299
Total deferred inflows of resources	4,917	4,860	34,522	44,299
<b>Fund Balances</b>				
Nonspendable:				
Inventories, prepaids and noncurrent receivables	541	-	-	541
Advances	23,878	-	-	23,878
Permanent fund principal	-	-	1,460	1,460
Restricted for:				
Housing and redevelopment	-	-	26,223	26,223
Debt service	1,819	-	26,177	27,996
Transportation and public works	-	37,367	17,509	54,876
Other purposes	385	-	2,054	2,439
General government	1,422	-	-	1,422
Public safety	834	-	-	834
Highways and streets	819	-	-	819
Culture and recreation	1,004	-	-	1,004
Continuing projects	10,426	-	-	10,426
Unassigned	37,732	-	(1,733)	35,999
Total fund balances	78,860	37,367	71,690	187,917
Total liabilities, deferred inflows of resources, and fund balances	\$ 109,891	\$ 71,633	\$ 121,524	\$ 303,048

The notes to the 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, 2014  
(amounts expressed in thousands)**

Total fund balances - governmental funds \$187,917

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. 1,352,707

The net pension asset is not an available resource and, therefore, is not reported in the funds. 99,800

Deferred refunding charges are not available resources and, therefore, are not reported in the funds. 5,096

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 44,299

Accrued interest payable for the current portion of interest due on various debt issues has not been reported in the governmental funds. (3,519)

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	\$	(170,015)	
Certificates of participation payable		(190,580)	
Capital leases payable		(13,168)	
Loan payable		(47,611)	
Bond premiums		(3,430)	
Net OPEB obligation		(13,767)	
Compensated absences		(21,437)	
Judgment payable		(6,667)	
		(466,675)	(466,675)

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	\$	(19,436)	
Deferred amount related to the hedgeable portion of the derivative instrument		14,735	
		(4,701)	(4,701)

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.

(14,002)

Net position of governmental activities

\$1,200,922



**City of Riverside**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2014**  
**(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	\$ 143,748	\$ -	\$ -	\$ 143,748
Licenses and permits	7,694	-	1,550	9,244
Intergovernmental	12,915	28,719	17,714	59,348
Charges for services	15,734	-	-	15,734
Fines and forfeitures	7,283	-	-	7,283
Special assessments	4,219	288	1,765	6,272
Rental and investment income	1,857	307	2,151	4,315
Miscellaneous	3,402	1,780	1,775	6,957
Total revenues	<u>196,852</u>	<u>31,094</u>	<u>24,955</u>	<u>252,901</u>
<b>Expenditures</b>				
Current:				
General government	10,351	-	3,207	13,558
Public safety	149,450	-	2,271	151,721
Highways and streets	16,944	-	-	16,944
Culture and recreation	34,165	-	110	34,275
Capital outlay	8,589	48,333	15,443	72,365
Debt service:				
Principal	40,202	-	5,298	45,500
Interest	6,259	-	10,528	16,787
Bond issuance costs	103	738	2	843
Total expenditures	<u>266,063</u>	<u>49,071</u>	<u>36,859</u>	<u>351,993</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(69,211)</u>	<u>(17,977)</u>	<u>(11,904)</u>	<u>(99,092)</u>
<b>Other financing sources (uses)</b>				
Transfers in	45,695	-	12,774	58,469
Transfers out	(13,184)	(2,185)	-	(15,369)
Issuance of long term debt	30,940	56,097	-	87,037
Capital lease financings	6,625	-	-	6,625
Sales of capital assets	904	-	27	931
Total other financing sources and uses	<u>70,980</u>	<u>53,912</u>	<u>12,801</u>	<u>137,693</u>
Net change in fund balances	1,769	35,935	897	38,601
Fund balances - beginning	77,091	1,432	70,793	149,316
Fund balances - ending	<u>\$ 78,860</u>	<u>\$ 37,367</u>	<u>\$ 71,690</u>	<u>\$ 187,917</u>

The notes to the 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, 2014**  
**(amounts expressed in thousands)**

Net change in fund balances-total governmental funds \$38,601

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	\$ 66,315	
Depreciation expense	<u>(41,706)</u>	24,609

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position. 12,697

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. (3,412)

The amortization of the net pension asset reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (4,851)

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	\$ 45,500	
Payment of judgment	3,333	
Other post-employment benefit liabilities	(1,810)	
Compensated absences	(168)	
Interest	79	
Premiums on the issuance of long-term debt	(1,211)	
Issuance of long-term debt	<u>(92,451)</u>	(46,728)

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. (2,180)

Change in net position of governmental activities \$ 18,736

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

City of Riverside  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
General Fund  
For the year ended June 30, 2014  
(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	\$ 140,868	\$ 140,868	\$ 143,748	\$ 2,880	Public safety:				
Licenses and permits	7,736	7,736	7,694	(42)	Police	82,023	91,303	91,208	95
Intergovernmental	1,195	16,185	12,915	(3,270)	Fire	44,809	48,384	48,019	365
Charges for services	13,087	15,739	15,734	(5)	Animal regulation	3,487	3,501	3,483	18
Fines and forfeitures	5,516	5,516	7,283	1,767	Building and zoning inspection	2,152	2,152	2,195	(43)
Special assessments	4,401	4,401	4,219	(182)	Street lighting	4,503	4,511	4,545	(34)
Rental and investment income	1,318	1,318	1,857	539	Total public safety	136,974	149,851	149,450	401
Miscellaneous	5,834	5,838	3,402	(2,436)	Highways and streets	18,369	20,213	16,944	3,269
Total revenues	179,955	197,601	196,852	(749)	Culture and recreation				
					Library	6,630	7,461	6,882	579
					Museum & cultural affairs	7,990	9,775	9,698	77
					Parks, recreation & community services	15,711	18,929	17,585	1,344
					Total culture and recreation	30,331	36,165	34,165	2,000
					Capital outlay	156	13,039	8,589	4,450
<b>Expenditures</b>					Debt service:				
General government:					Principal	9,319	40,259	40,202	57
Mayor	888	935	855	80	Interest	6,527	6,424	6,259	165
Council	1,278	1,278	1,215	63	Bond issuance costs	-	103	103	-
Manager	7,176	7,517	6,912	605	Total debt service	15,846	46,786	46,564	222
Attorney	3,917	4,375	4,226	149	Total expenditures	212,312	281,476	266,063	15,413
Clerk	1,342	1,485	1,369	116	Deficiency of revenue under expenditures	(32,357)	(83,875)	(69,211)	14,664
Community development	9,634	10,421	9,200	1,221	<b>Other financing sources (uses)</b>				
Human resources	2,942	3,244	2,952	292	Transfers in	42,493	45,695	45,695	-
General services	8,492	9,713	7,694	2,019	Transfers out	(10,226)	(15,251)	(13,184)	2,067
Finance	8,254	8,612	8,236	376	Issuance of long term debt	-	30,940	30,940	-
Innovation & technology	10,451	11,580	9,646	1,934	Capital lease proceeds	-	6,625	6,625	-
Subtotal	54,374	59,160	52,305	6,855	Sale of capital assets	90	297	904	607
Allocated expenditures	(43,738)	(43,738)	(41,954)	(1,784)	Total other financing sources	32,357	68,306	70,980	2,674
Total general government	10,636	15,422	10,351	5,071	Net change in fund balances	-	(15,569)	1,769	17,338
				continued	Fund balance, beginning	77,091	77,091	77,091	-
					Fund balance, ending	\$ 77,091	\$ 61,522	\$ 78,860	\$ 17,338

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

City of Riverside  
Statement of Net Position  
Proprietary Funds  
June 30, 2014  
(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	\$ 210,929	\$ 86,181	\$ 18,794	\$ 6,265	\$ 322,169	\$ 3,183
Receivables (net allowances for uncollectibles)						
Interest	1,127	429	53	40	1,649	44
Utility billed	17,634	4,475	2,675	1,041	25,825	-
Utility unbilled	14,731	3,347	1,722	723	20,523	-
Accounts	3,930	1,601	134	1,217	6,882	54
Intergovernmental	385	241	706	85	1,417	52
Other	-	3,333	-	-	3,333	-
Inventory	1,202	-	1,328	-	2,530	5,819
Prepaid items	22,345	17	15	-	22,377	-
Deposits	854	-	-	-	854	-
Due from other funds	914	392	-	-	1,306	-
Restricted assets:						
Cash and cash equivalents:						
Rate stabilization cash and cash equivalents	-	-	9,360	-	9,360	-
Other restricted cash and cash equivalents	27,878	8,367	-	901	37,146	-
Public benefit programs receivable	939	128	-	-	1,067	-
Total current assets	302,868	108,511	34,787	10,272	456,438	9,152
Non-current assets:						
Restricted assets:						
Cash and investments at fiscal agent	176,349	10,554	47,276	-	234,179	-
Regulatory assets	17,451	943	1,028	6,499	25,921	-
Prepaid items - non-current	3,143	-	-	-	3,143	-
Other receivables	-	3,333	-	-	3,333	-
Advances to other funds	-	-	7,283	-	7,283	6,224
Advances to Successor Agency	5,800	-	4,436	-	10,236	5,634
Net pension asset	11,450	4,926	3,151	2,095	21,622	1,384
Capital assets:						
Land	8,717	20,484	2,734	19,180	51,115	458
Intangible assets, non-depreciable	10,651	10,841	-	-	21,492	-
Intangible assets, depreciable	325	385	120	-	830	-
Accumulated depreciation - intangible assets, depreciable	(123)	(228)	(7)	-	(358)	-
Buildings	23,093	18,340	191,696	35,881	269,010	1,488
Accumulated depreciation - buildings	(6,448)	(5,058)	(97,903)	(5,684)	(115,093)	(300)
Improvements other than buildings	857,377	543,755	100,179	28,084	1,529,395	726
Accumulated depreciation - improvements other than buildings	(267,734)	(163,605)	(17,233)	(8,245)	(456,817)	(83)
Machinery and equipment	31,626	13,306	11,215	19,993	76,140	10,809
Accumulated depreciation - machinery and equipment	(17,173)	(11,203)	(6,876)	(14,241)	(49,493)	(8,227)
Construction in progress	51,105	15,828	193,913	35	260,881	1,482
Total non-current assets	905,609	462,601	441,012	83,597	1,892,819	19,595
Total assets	1,208,477	571,112	475,799	93,869	2,349,257	28,747
<b>Deferred Outflows of Resources</b>						
Deferred changes in derivative values	16,336	2,941	-	-	19,277	-
Deferred charge on refunding	12,952	8,215	-	-	21,167	-
Total deferred outflows of resources	29,288	11,156	-	-	40,444	-

Continued

City of Riverside  
Statement of Net Position  
Proprietary Funds  
June 30, 2014  
(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	11,401	3,224	1,303	1,032	16,960	1,808
Accrued payroll	1,292	465	305	196	2,258	100
Retainage payable	283	410	-	20	713	71
Unearned revenue	-	-	-	2,229	2,229	-
Deposits	3,844	935	-	-	4,779	-
Due to other funds	-	-	-	133	133	1,306
Capital leases - current	700	-	-	-	700	-
Water stock acquisitions - current	-	150	-	-	150	-
Notes payable - current	-	-	731	906	1,637	-
Landfill capping - current	-	-	-	200	200	-
Claims and judgments - current	-	-	-	-	-	11,122
Compensated absences - current	3,613	1,348	995	524	6,480	267
Current liabilities payable from restricted assets:						
Revenue bonds	14,920	5,015	57,325	-	77,260	-
Accrued interest	5,770	1,801	4,439	-	12,010	-
Accounts payable	2,023	1,356	7,119	-	10,498	-
Total current liabilities	43,846	14,704	72,217	5,240	136,007	14,674
Non-current liabilities:						
Revenue bonds	593,094	202,176	221,760	-	1,017,030	-
Notes payable	-	9,482	3,725	21,186	34,393	-
Capital leases	1,566	-	-	-	1,566	-
Advances from other funds	11,284	4,855	3,106	2,539	21,784	3,066
Decommissioning liability	75,299	-	-	-	75,299	-
Derivative instruments	22,108	8,083	-	-	30,191	-
Claims and judgments	-	-	-	-	-	24,045
Water stock acquisitions	-	792	-	-	792	-
Landfill capping	-	-	-	5,972	5,972	-
Compensated absences	830	333	185	97	1,445	292
Other postemployment benefits	5,749	2,446	1,734	1,474	11,403	672
Other payables	14	-	-	-	14	-
Total non-current liabilities	709,944	228,167	230,510	31,268	1,199,889	28,075
Total liabilities	753,790	242,871	302,727	36,508	1,335,896	42,749
<b>Deferred Inflows of Resources</b>						
Deferred regulatory charges	-	6,667	2,089	-	8,756	-
Total deferred inflows of resources	-	6,667	2,089	-	8,756	-
<b>Net Position</b>						
Net investment in capital assets	196,771	245,731	121,431	52,911	616,844	6,353
Restricted for debt service	15,808	5,930	29,502	-	51,240	-
Restricted for landfill capping	-	-	-	901	901	-
Restricted for programs and regulatory requirements	12,882	2,499	984	-	16,365	-
Unrestricted	258,514	78,570	19,066	3,549	359,699	(20,355)
Total net position	\$ 483,975	\$ 332,730	\$ 170,983	\$ 57,361	\$ 1,045,049	\$ (14,002)

The notes to the 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, 2014  
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	
Operating revenues:						
Charges for services	\$ 344,037	\$ 68,691	\$ 46,162	\$ 26,572	\$ 485,462	\$ 21,772
Operating expenses:						
Personnel services	37,572	12,847	9,916	8,169	68,504	4,164
Contractual services	7,394	2,326	1,470	5,545	16,735	141
Maintenance and operation	190,510	9,236	7,486	7,238	214,470	2,176
General	12,083	12,871	6,119	4,119	35,192	2,151
Materials and supplies	756	761	3,440	1,373	6,330	222
Claims/Insurance	1,342	591	499	300	2,732	14,628
Depreciation and amortization	27,260	12,799	6,861	4,013	50,933	572
Total operating expenses	276,917	51,431	35,791	30,757	394,896	24,054
Operating income (loss)	67,120	17,260	10,371	(4,185)	90,566	(2,282)
Non-operating revenues (expenses):						
Operating grants	-	-	-	2,524	2,524	-
Interest income	6,041	1,049	827	88	8,005	229
Other	3,444	698	1,691	1,204	7,037	(4)
Gain (loss) on retirement of capital assets	293	(253)	(11)	536	565	(4)
Capital improvement fees	-	-	2,684	-	2,684	-
Interest expense and fiscal charges	(27,499)	(8,599)	(4,583)	(945)	(41,626)	(119)
Total non-operating revenues (expenses)	(17,721)	(7,105)	608	3,407	(20,811)	102
Income (loss) before capital contributions and transfers	49,399	10,155	10,979	(778)	69,755	(2,180)
Cash capital contributions	2,890	2,278	-	1,246	6,414	-
Noncash capital contributions	1,118	1,256	14	-	2,388	-
Transfers in	-	3,333	-	-	3,333	-
Transfers out	(38,704)	(6,991)	-	(738)	(46,433)	-
Change in net position	14,703	10,031	10,993	(270)	35,457	(2,180)
Total net position - beginning	469,272	322,699	159,990	57,631	1,009,592	(11,822)
Total net position - ending	\$ 483,975	\$ 332,730	\$ 170,983	\$ 57,361	\$ 1,045,049	\$ (14,002)

The notes to the 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, 2014  
(amounts expressed in thousands)

	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
<b>Cash flows from operating activities:</b>						
Cash received from customers and users	\$ 348,296	\$ 69,567	\$ 45,787	\$ 27,841	\$ 491,491	\$ 22,585
Cash paid to employees for services	(34,466)	(12,591)	(10,419)	(7,911)	(65,387)	(3,863)
Cash paid to other suppliers of goods or services	(221,460)	(22,331)	(19,941)	(19,701)	(283,433)	(14,781)
Other receipts	3,444	698	3,779	1,201	9,122	1
Net cash provided (used) by operating activities	<u>95,814</u>	<u>35,343</u>	<u>19,206</u>	<u>1,430</u>	<u>151,793</u>	<u>3,942</u>
<b>Cash flows from noncapital financing activities:</b>						
Transfers in	-	3,333	-	-	3,333	-
Transfers out	(38,704)	(6,991)	-	(738)	(46,433)	-
Receipts on interfund advances	793	364	254	-	1,411	5,366
Outflows on interfund advances	(497)	(214)	(137)	(1,401)	(2,249)	(6,675)
Advances to other funds	-	-	-	-	-	-
Net cash (used) provided by noncapital financing activities	<u>(38,408)</u>	<u>(3,508)</u>	<u>117</u>	<u>(2,139)</u>	<u>(43,938)</u>	<u>(1,309)</u>
<b>Cash flows from capital and related financing activities:</b>						
Purchase of capital assets	(36,349)	(22,648)	(104,392)	(1,787)	(165,176)	(3,716)
Proceeds from the sale of capital assets	341	2	-	2,642	2,985	-
Proceeds from long-term obligations	2,315	-	50,000	-	52,315	-
Principal paid on long-term obligations	(21,827)	(4,363)	(7,841)	(878)	(34,909)	-
Interest paid on long-term obligations	(29,400)	(8,848)	(10,913)	(944)	(50,105)	(104)
Capital improvement fees	-	-	2,684	-	2,684	-
Grant Proceeds	-	-	-	2,633	2,633	-
Capital contributions	2,890	2,278	-	1,246	6,414	-
Bond issuance costs	(454)	(19)	(103)	-	(576)	-
Net cash (used) for capital and related financing activities	<u>(82,484)</u>	<u>(33,598)</u>	<u>(70,565)</u>	<u>2,912</u>	<u>(183,735)</u>	<u>(3,820)</u>
<b>Cash flows from investing activities:</b>						
Purchase of investments	5,301	-	-	-	5,301	-
Income from investments	5,748	1,004	861	73	7,686	161
Net cash provided by investing activities	<u>11,049</u>	<u>1,004</u>	<u>861</u>	<u>73</u>	<u>12,987</u>	<u>161</u>
Net change in cash and cash equivalents	(14,029)	(759)	(50,381)	2,276	(62,893)	(1,026)
<b>Cash and cash equivalents, beginning (including \$137,262 for Electric, \$32,780 for Water, \$113,614 for Sewer and \$1,185 for Other Enterprise Funds in restricted accounts.)</b>						
	<u>335,085</u>	<u>105,861</u>	<u>125,811</u>	<u>4,890</u>	<u>571,647</u>	<u>4,209</u>
<b>Cash and cash equivalents, ending (including \$110,127 for Electric, \$18,921 for Water, \$56,636 for Sewer and \$901 for Other Enterprise Funds in restricted accounts.)</b>						
	<u>\$ 321,056</u>	<u>\$ 105,102</u>	<u>\$ 75,430</u>	<u>\$ 7,166</u>	<u>\$ 508,754</u>	<u>\$ 3,183</u>

Continued

City of Riverside  
Proprietary Funds  
Statement of Cash Flows  
For the fiscal year ended June 30, 2014  
(amounts expressed in thousands)

Continued

	<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>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating Income (loss)	\$ 67,120	\$ 17,260	\$ 10,371	\$ (4,185)	\$ 90,566	\$ (2,282)
Other receipts	3,444	698	1,690	1,201	7,033	1
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	27,260	12,799	6,861	4,013	50,933	572
Amortization of pension costs	504	217	139	93	953	61
(Increase) Decrease in utility billed receivable	(681)	4	(219)	-	(896)	-
(Increase) Decrease in utility unbilled receivable	186	129	(125)	-	190	-
(Increase) Decrease in accounts receivable	4,869	565	16	1,275	6,725	(3)
(Increase) in intergovernmental receivable	-	-	(47)	(6)	(53)	-
(Increase) Decrease in prepaid items	(5,168)	2	-	-	(5,166)	-
Decrease in inventory	-	-	22	-	22	872
(Decrease) Increase in accounts payable	(1,725)	3,025	(941)	(840)	(481)	885
Increase (Decrease) in accrued payroll	-	-	8	488	496	80
Increase (Decrease) in retainage payable	-	-	(966)	-	(966)	-
Increase (Decrease) in other payable	400	467	316	(323)	860	159
Increase in deferred regulatory charges	-	-	2,089	-	2,089	-
Increase (Decrease) in deposits	473	177	(8)	-	642	-
(Decrease) in decommissioning liability	(868)	-	-	-	(868)	-
(Decrease) in landfill capping	-	-	-	(286)	(286)	-
Increase in claims and judgments	-	-	-	-	-	3,597
Net cash provided by operating activities	<u>\$ 95,814</u>	<u>\$ 35,343</u>	<u>\$ 19,206</u>	<u>\$ 1,430</u>	<u>\$ 151,793</u>	<u>\$ 3,942</u>
Schedule of noncash financing and investing activities:						
Capital Contributions - capital assets	\$ 1,118	\$ 1,256	\$ -	\$ -	\$ 2,374	\$ -
Land purchase with note payable	-	9,482	-	-	9,482	-
Proceeds of refunding debt	80,236	-	-	-	80,236	-

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



**City of Riverside**  
**Statement of Net Position/(Deficit)**  
**Fiduciary Funds**  
**June 30, 2014**  
**(amounts expressed in thousands)**

	<b>Successor Agency Private-Purpose Trust Fund</b>	<b>Agency Fund</b>
<b>Assets</b>		
Cash and investments	\$ 26,105	\$ 5,666
Cash and investments at fiscal agent	25,974	6,740
Receivables:		
Interest	97	26
Accounts	22	-
Notes	22,235	-
Direct financing lease receivable	20,510	-
Deposits	2	-
Property tax receivables	-	114
Land & improvements held for resale	15,799	-
Capital assets:		
Land	185	-
Equipment	6	-
Accumulated depreciation - equipment	(6)	-
<b>Total assets</b>	<b>110,929</b>	<b>12,546</b>
<b>Liabilities</b>		
Accounts payable	1,155	-
Retainage payable	229	-
Accrued interest	4,940	-
Advances from City of Riverside	56,261	-
Bonds payable	248,040	-
Notes payable	5,607	-
Held for bond holders	-	12,546
<b>Total liabilities</b>	<b>316,232</b>	<b>12,546</b>
<b>Deferred Inflows of Resources</b>		
Deferred charge on refunding	301	-
<b>Total deferred inflows of resources</b>	<b>301</b>	<b>-</b>
<b>Net Position/(Deficit)</b>		
Held by Successor Agency	(205,604)	-
<b>Total net position/(deficit)</b>	<b>\$ (205,604)</b>	<b>\$ -</b>

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, 2014**  
**(amounts expressed in thousands)**

	<b>Successor Agency Private-Purpose Trust Fund</b>
<b>Additions</b>	
Property tax revenue	\$ 26,460
Rental and investment income	2,624
Miscellaneous	1,240
Total additions	<u>30,324</u>
<b>Deductions</b>	
Professional services and other deductions	2,613
Redevelopment projects	8,129
Interest expense	13,680
Total deductions	<u>24,422</u>
<b>Change in Net Position/(Deficit)</b>	5,902
Net position/(deficit) - beginning	(211,506)
Net position/(deficit) - ending	<u>\$ (205,604)</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 nonfiduciary 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, 2014**

(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, 2014, business-type activities capitalized net interest costs of \$8,608 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 \$50,234.

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 \$77,897 in cash investments with the trustee and \$1,725 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 is equivalent to the total funds accumulated less \$4,323 paid as decommissioning costs for the fiscal year ended June 30, 2014 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, 2014, the City had an obligation related to a judgment, which is reflected as a liability on the government-wide statements and is more fully described in Note 8.

#### 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.



**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

When applicable, the statement of net position and the balance sheet will report a separate section for deferred inflows of resources. 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.

**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	\$ 391,630
Investments at fiscal agent	<u>305,464</u>
	697,094
Cash on hand and deposits with financial institutions	74,962
Non-negotiable certificates of deposit	<u>1,000</u>
	<u>\$ 773,056</u>

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

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

Cash and investments	\$ 384,768
Restricted cash and cash equivalents	46,506
Restricted cash and investments at fiscal agent	<u>277,297</u>
Total per statement of net position	708,571
Fiduciary fund cash and investments	<u>64,485</u>
	<u>\$ 773,056</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.

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

**CITY OF RIVERSIDE  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the year ended June 30, 2014**

(amounts expressed in thousands)

fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More than 60 Months</u>
Money Market Funds	\$ 7,398	\$ 7,398	\$ -	\$ -	\$ -
Federal Agency Securities	79,715	-	53,445	26,270	-
U.S. Treasury Notes/Bonds	138,374	-	23,306	115,068	-
Corp. Medium Term Notes	54,569	12,317	20,480	21,772	-
State Investment Pool	99,435	99,435	-	-	-
Negotiable CDs	12,139	3,967	5,437	2,735	-
Held by Fiscal Agent					
Money Market Funds	40,607	40,607	-	-	-
State Investment Pool	19,332	19,332	-	-	-
Investment Contracts	150,332	24,173	25,726	89,672	10,761
Commercial Paper	12,877	12,877	-	-	-
Fed. Agency Securities	61,634	1,193	10,323	50,118	-
Corp. Med. Term Notes	20,682	-	2,057	18,625	-
<b>Total</b>	<b>\$697,094</b>	<b>\$221,299</b>	<b>\$140,774</b>	<b>\$324,260</b>	<b>\$10,761</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:

<u>Investment Type</u>	<u>Total</u>	<u>Ratings as of Year End</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
Money Market Funds	\$ 7,398	\$ 1,062	\$ 1,290	\$ 5,046	\$ -
Federal Agency Securities	79,715	79,715	-	-	-
U.S. Treasury Notes/Bonds	138,374	138,374	-	-	-
Corporate Medium Term Notes	54,569	-	44,301	10,268	-
State Investment Pool	99,435	-	-	-	99,435
Negotiable CDs	12,139	-	-	-	12,139
Held by Fiscal Agent					
Money Market Funds	40,607	9,232	-	29,650	1,725
State Investment Pool	19,332	-	-	-	19,332
Investment Contracts	150,332	-	-	-	150,332
Commercial Paper	12,877	-	-	12,877	-
Federal Agency Securities	61,634	61,634	-	-	-
Corporate Medium Term Notes	20,682	-	10,338	10,344	-
<b>Total</b>	<b>\$697,094</b>	<b>\$290,017</b>	<b>\$55,929</b>	<b>\$68,185</b>	<b>\$282,963</b>

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	\$82,249

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.

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

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:

2015	\$ 2,507
2016	2,533
2017	2,561
2018	2,598
2019	2,626
Thereafter	<u>16,443</u>
Total Due	29,268
Less: amount applicable to interest	<u>(8,758)</u>
Total direct financing lease receivable	<u>\$20,510</u>

**5. Capital Assets**

The following is a summary of changes in the capital assets during the fiscal year ended June 30, 2014.

	Beginning Balance	Additions/ Transfers In	Deletions/ Transfers Out	Ending Balance
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 325,215	\$ 8,628	\$ (44)	\$ 333,799
Construction in progress	<u>38,515</u>	<u>23,656</u>	<u>(29,160)</u>	<u>33,011</u>
Total capital assets not depreciated	<u>363,730</u>	<u>32,284</u>	<u>(29,204)</u>	<u>366,810</u>
Capital assets being depreciated:				
Buildings	180,337	469	(152)	180,654
Improvements				
other than buildings	250,021	49,324	-	299,345
Machinery and equipment	79,782	6,449	(3,669)	82,562
Infrastructure	<u>910,700</u>	<u>24,244</u>	<u>(331)</u>	<u>934,613</u>
Total capital assets being depreciated	<u>1,420,840</u>	<u>80,486</u>	<u>(4,152)</u>	<u>1,497,174</u>
Less accumulated depreciation for:				
Buildings	(50,286)	(4,618)	119	(54,785)
Improvements				
other than buildings	(67,772)	(11,389)	-	(79,161)
Machinery and equipment	(60,170)	(4,567)	3,191	(61,546)
Infrastructure	<u>(287,728)</u>	<u>(21,704)</u>	<u>-</u>	<u>(309,432)</u>
Total accumulated depreciation	<u>(465,956)</u>	<u>(42,278)</u>	<u>3,310</u>	<u>(504,924)</u>
Total capital assets being depreciated, net	<u>954,884</u>	<u>38,208</u>	<u>(842)</u>	<u>992,250</u>
Governmental activities capital assets, net	<u>\$1,318,614</u>	<u>\$70,492</u>	<u>\$(30,046)</u>	<u>\$1,359,060</u>

	Beginning Balance	Additions/ Transfers In	Deletions/ Transfers Out	Ending Balance
Business type activities:				
Capital assets, not depreciated:				
Land	\$ 42,636	\$ 10,558	\$ (2,079)	\$51,115
Intangibles, non-depreciable	21,492	-	-	21,492
Construction in progress	<u>149,385</u>	<u>174,847</u>	<u>(63,351)</u>	<u>260,881</u>
Total capital assets not depreciated	<u>213,513</u>	<u>185,405</u>	<u>(65,430)</u>	<u>333,488</u>
Capital assets being depreciated:				
Buildings	267,232	1,778	-	269,010
Improvements				
other than buildings	1,475,267	58,011	(3,883)	1,529,395
Intangibles, depreciable	645	185	-	830
Machinery and equipment	<u>74,526</u>	<u>3,405</u>	<u>(1,791)</u>	<u>76,140</u>
Total capital assets being depreciated	<u>1,817,670</u>	<u>63,379</u>	<u>(5,674)</u>	<u>1,875,375</u>
Less accumulated depreciation for:				
Buildings	(108,804)	(6,289)	-	(115,093)
Improvements				
other than buildings	(422,435)	(38,404)	4,022	(456,817)
Intangibles, depreciable	(247)	(111)	-	(358)
Machinery and equipment	<u>(45,469)</u>	<u>(5,722)</u>	<u>1,698</u>	<u>(49,493)</u>
Total accumulated depreciation	<u>(576,955)</u>	<u>(50,526)</u>	<u>5,720</u>	<u>(621,761)</u>
Total capital assets being depreciated, net	<u>1,240,715</u>	<u>12,853</u>	<u>46</u>	<u>1,253,614</u>
Business type activities capital assets, net	<u>\$1,454,228</u>	<u>\$198,258</u>	<u>\$(65,384)</u>	<u>\$1,587,102</u>

Depreciation expense was charged to various functions as follows:

Governmental activities:	
General government	\$ 4,490
Public safety	4,113
Highways and streets, including depreciation of general infrastructure assets	22,989
Culture and recreation	<u>10,686</u>
Total depreciation expense – governmental activities	<u>\$42,278</u>
Business type activities:	
Electric	\$27,260
Water	12,799
Sewer	6,861
Refuse	1,223
Special Transportation	612
Airport	698
Public Parking	<u>1,073</u>
Total depreciation expense – business type activities	<u>\$50,526</u>

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

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	\$15,314	\$ -	\$ 854	\$14,460	\$ 900
Pension Obligation Bonds	122,005	30,940	37,170	115,775	37,990
Certificates of Participation	158,697	36,446	3,697	191,446	4,210
Capital Leases	8,424	6,625	1,881	13,168	2,635
Lease Revenue Bonds	43,762	-	1,418	42,344	1,330
Loan Payable	28,652	19,650	691	47,611	2,036
Compensated Absences	21,761	12,480	12,245	21,996	12,372
Claims Liability	31,569	13,582	9,984	35,167	11,122
Judgment	10,000	-	3,333	6,667	3,333
Net OPEB Obligation	<u>12,537</u>	<u>2,566</u>	<u>664</u>	<u>14,439</u>	<u>-</u>
Total	<u>\$452,721</u>	<u>\$122,289</u>	<u>\$71,937</u>	<u>\$503,073</u>	<u>\$75,928</u>

Business-type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$1,031,839	\$ 134,841	\$72,390	\$1,094,290	\$77,260
Loan Payable	42,661	-	42,661	-	-
Notes Payable	28,137	9,482	1,589	36,030	1,637
Capital Leases	2,558	353	645	2,266	700
Landfill Capping	6,457	-	285	6,172	200
Arbitrage Liability	269	-	255	14	-
Water Stock Acquisition Rights	944	-	2	942	150
Compensated Absences	7,638	6,536	6,249	7,925	6,480
Net OPEB Obligation	<u>9,780</u>	<u>2,190</u>	<u>567</u>	<u>11,403</u>	<u>-</u>
Total	<u>\$1,130,283</u>	<u>\$153,402</u>	<u>\$124,643</u>	<u>\$1,159,042</u>	<u>\$86,427</u>

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, 2014:

Revenue Bonds:	Principal Outstanding
<u>Electric</u>	
\$27,500 2004 Electric Revenue Bonds; Series A fixed rate bonds, due in a final principal installment of \$2,645 on October 1, 2014, interest of 5.0%.	\$ 2,645
\$141,840 2008 Electric Refunding/Revenue Bonds; Series A and 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% for the Series A bonds and 3.2% for the C bonds. For information on the swap agreements see note 10. 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.	13,815
\$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

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

\$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>76,560</u>
Subtotal	597,580
Add: Unamortized bond premium	<u>10,434</u>
	<u>\$608,014</u>

Water

\$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
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\$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.	21,205
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\$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
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\$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>56,525</u>
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Subtotal	203,755
Add: Unamortized bond premium	<u>3,436</u>
	<u>\$207,191</u>

Sewer

\$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.	\$227,115
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\$50,000 2014 Sewer Revenue Bonds; variable rate financing with Wells Fargo due June 1, 2015. The interest rate is 70% of the LIBOR one-month index plus 50 basis points.	<u>50,000</u>
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Subtotal	277,115
Add: Unamortized bond premium	<u>1,970</u>
	<u>\$279,085</u>

Total Revenue Bonds \$1,094,290

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
2015	\$14,920	\$ 26,194	\$ 41,114	\$ 5,015	\$ 8,276	\$ 13,291
2016	15,825	25,519	41,344	5,260	8,046	13,306
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
2020-2024	80,575	109,462	190,037	31,580	33,265	64,845
2025-2029	97,715	91,628	189,343	38,055	26,563	64,618
2030-2034	120,155	68,298	188,453	46,200	18,174	64,374
2035-2039	149,040	38,047	187,087	56,430	7,625	64,055
2040-2041	77,790	4,844	82,634	4,985	103	5,088
Premium	<u>10,434</u>	-	<u>10,434</u>	<u>3,436</u>	-	<u>3,436</u>
Total	<u>\$608,014</u>	<u>\$436,770</u>	<u>\$1,044,784</u>	<u>\$ 207,191</u>	<u>\$124,795</u>	<u>\$331,986</u>

Fiscal Year	Sewer Utility Fund		
	Principal	Interest	Total
2015	\$ 57,325	\$ 10,435	\$ 67,760
2016	7,660	9,811	17,471
2017	8,055	9,418	17,473
2018	8,410	9,063	17,473
2019	8,725	8,747	17,472
2020-2024	32,885	39,244	72,129
2025-2029	36,560	31,749	68,309
2030-2034	46,010	22,306	68,316
2035-2039	58,135	10,180	68,315
2040	13,350	312	13,662
Premium	<u>1,970</u>	-	<u>1,970</u>
Total	<u>\$279,085</u>	<u>\$151,265</u>	<u>\$430,350</u>

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

General Obligation Bonds:	<u>Principal Outstanding</u>
\$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.	\$14,295
Add: Unamortized bond premium	<u>165</u>
Total General Obligation Bonds	<u>\$14,460</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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 900	\$ 671	\$ 1,571
2016	965	634	1,599
2017	1,040	592	1,632
2018	1,110	544	1,654
2019	1,195	492	1,687
2020-2024	7,345	1,485	8,830
2025	1,740	48	1,788
Premium	<u>165</u>	<u>-</u>	<u>165</u>
Total	<u>\$14,460</u>	<u>\$4,466</u>	<u>\$18,926</u>

Pension Obligation Bonds:	<u>Principal 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.	\$ 66,320
\$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.	18,515
\$30,940 2014 Taxable Pension Obligation Refunding Bond Anticipation Notes; rate at June 30, 2014 was 0.60%, \$30,940 due June 1, 2015.	<u>30,940</u>
Total Pension Obligation Bonds	<u>\$115,775</u>

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>
2015	\$ 37,990	\$ 4,950	\$ 42,940
2016	7,930	4,391	12,321
2017	8,880	3,971	12,851
2018	9,920	3,482	13,402
2019	11,035	2,936	13,971
2020-2023	<u>40,020</u>	<u>5,891</u>	<u>45,911</u>
Total	<u>\$115,775</u>	<u>\$25,621</u>	<u>\$141,396</u>

Certificates of Participation:	<u>Principal 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.	\$18,585
\$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.	116,100
\$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.	20,660
\$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>
Subtotal	190,580
Plus: Unamortized bond premium	<u>866</u>
Total Certificates of Participation	<u>\$191,446</u>

**CITY OF RIVERSIDE  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the year ended June 30, 2014**

(amounts expressed in thousands)

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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,210	7,495	11,705
2016	5,730	7,345	13,075
2017	5,920	7,137	13,057
2018	6,110	6,922	13,032
2019	6,310	6,700	13,010
2020-2024	35,955	29,521	65,476
2025-2029	43,720	21,734	65,454
2030-2034	50,650	12,141	62,791
2035-2039	30,565	2,943	33,508
2040	1,410	78	1,488
Premium	866	-	866
Total	<u>\$191,446</u>	<u>\$102,016</u>	<u>\$293,462</u>

Lease Revenue Bonds – Governmental Activities:

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. The refunding transaction resulted in an economic gain of \$2,455 and a reduction of \$3,034 in future debt service payments.

Add: Unamortized bond premium	<u>2,399</u>
Total Lease Revenue Bonds – Governmental Activities	<u>\$42,344</u>

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>
2015	\$1,330	\$ 1,743	\$ 3,073
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
2020-2024	9,080	6,271	15,351
2025-2029	10,540	4,058	14,598
2030-2034	13,160	1,370	14,530
Premium	<u>2,399</u>	-	<u>2,399</u>
Total	<u>\$42,344</u>	<u>\$19,896</u>	<u>\$62,240</u>

Loans Payable – Governmental Activities:

In March 2012 the City entered into a financing arrangement in the amount of \$4,000 with Pinnacle Public Finance, Inc. 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%.

Principal  
Outstanding

\$ 3,294

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.

44,317

Total Loans Payable – Governmental Activities

\$47,611



**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

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>
2015	\$ 2,036	\$ 1,467	\$ 3,503
2016	2,094	1,409	3,503
2017	2,157	1,346	3,503
2018	2,222	1,281	3,503
2019	2,283	1,220	3,503
2020-2024	11,579	5,004	16,583
2025-2029	11,921	3,261	15,182
2030-2034	<u>13,319</u>	<u>1,293</u>	<u>14,612</u>
Total	<u>\$47,611</u>	<u>\$16,281</u>	<u>\$63,892</u>

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

<u>Fiscal Year</u>	<u>Sewer Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 731	\$ 85	\$ 816
2016	745	72	817
2017	759	58	817
2018	774	43	817
2019	788	29	817
2020-2021	<u>659</u>	<u>20</u>	<u>679</u>
Total	<u>\$4,456</u>	<u>\$307</u>	<u>\$4,763</u>

Notes Payable – Enterprise Funds:

Sewer fund loan from State of California for Cogeneration project, 2.336%, payable in net annual installments of \$339, beginning January 29, 2003 through January 29, 2021

<u>Principal Outstanding</u>
\$ 2,191

Sewer fund loan from State of California for Headworks project, 1.803%, payable in net annual installments of \$477, beginning November 6, 1999 through November 6, 2018

2,265

Public parking fund loan from City National Bank for Fox Entertainment Plaza project, 3.85%, payable in net annual installments of \$1,747, beginning June 16, 2011 through December 16, 2031

22,092

In 2014, the Water fund purchased property from Hillwood Enterprises, L.P. (Hillwood). The property was subsequently leased back to Hillwood, which is to be developed into a logistics center. In consideration of the costs to purchase the property the Water fund will make payments to Hillwood in the form of a credit equal to Hillwood's rental payments to the Water fund for the first 15 years of the lease. Rent will commence the earlier of when Hillwood starts construction of the logistic center or May 20, 2016.

9,482

Total notes payable – Enterprise Funds

\$36,030

Public Parking Fund

<u>Fiscal Year</u>	<u>Public Parking Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 906	\$ 841	\$ 1,747
2016	940	807	1,747
2017	977	770	1,747
2018	1,014	733	1,747
2019	1,054	693	1,747
2020-2024	5,917	2,817	8,734
2025-2029	7,160	1,574	8,734
2030-2032	<u>4,124</u>	<u>241</u>	<u>4,365</u>
Total	<u>\$22,092</u>	<u>\$8,476</u>	<u>\$30,568</u>

Water Fund

<u>Fiscal Year</u>	<u>Water Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ -	\$ -	\$ -
2016	40	156	196
2017	483	152	635
2018	492	144	636
2019	512	136	648
2020-2024	2,900	543	3,443
2025-2029	3,522	279	3,801
2030-2031	<u>1,533</u>	<u>26</u>	<u>1,559</u>
Total	<u>\$ 9,482</u>	<u>\$ 1,436</u>	<u>\$10,918</u>

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

Contracts – Enterprise Funds: Principal  
Outstanding

Water stock acquisition rights payable on demand to various water companies \$941

Current Year Refunding:

On July 25, 2013 the City issued \$79,080 of 2013A Electric Revenue Refunding Bonds, which refunded previously outstanding debt. The refunding resulted in an increase in debt service payments of \$10,962 over the next 30 years and an economic gain of \$2,961.

Letters of Credit:

The City's 2008 Certificates of Participation and 2008 Electric Revenue Bonds (Series A and C) require an additional layer of security between the City and the purchaser of the bonds. The City has entered into the following letters of credit ("LOC") in order to provide liquidity should all or a portion of the debt be optionally tendered to the remarketer without being successfully remarketed:

Debt Issue	LOC Provider	LOC Expiration Date	Annual Commitment Fee
2008 Certificates of Participation	Bank of America, N.A.	2015	0.450%
2008A Electric Revenue Bonds	Barclays Bank, PLC	2017	0.275%
2008C Electric Revenue Bonds	Bank of America, N.A.	2017	0.390%

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 \$116,100 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:

Asset	Governmental Activities	Business-Type Activities
Buildings and improvements	\$1,103	\$ -
Equipment	<u>9,722</u>	<u>4,830</u>
Subtotal	10,825	4,830
Less: Accumulated depreciation	<u>(3,315)</u>	<u>(1,738)</u>
Total	<u>\$7,510</u>	<u>\$3,092</u>

The future minimum lease obligations as of June 30, 2014 were as follows:

Years Ending June 30,	Governmental Activities	Business-type Activities
2015	\$2,854	\$ 751
2016	2,854	387
2017	2,232	322
2018	2,232	322
2019	1,927	322
Thereafter	1,771	309
Copiers	<u>20</u>	<u>1</u>
Total Minimum lease payments	13,890	2,414
Less: Amount representing interest (rates ranging from 1.2% to 9%)	<u>(722)</u>	<u>(148)</u>
Total capital lease payable	<u>\$13,168</u>	<u>\$2,266</u>

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

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, 2014:

Governmental long-term obligations:

Certificates of Participation	<u>\$10,281</u>
Total	<u>\$10,281</u>

Enterprise funds:

Electric	<u>\$14,833</u>
Sewer	<u>20,142</u>
Total	<u>\$34,975</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.

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 6/30/14
Electric revenues	\$106,405	\$49,207	2.16
Water revenues	36,761	13,110	2.80
Sewer revenues	23,168*	18,534	1.25

\* Includes \$2,425 of 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, 2014 was 100%. The remaining post closure period is currently 19 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 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.

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

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

Unpaid Claims, June 30, 2012	\$27,542
Incurred claims (including IBNR's)	20,897
Claim payments and adjustments	<u>(16,870)</u>
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	<u>\$35,167</u>

\$17,025 1999 University Corridor/Sycamore Canyon Merged Project Area, Tax Allocation Bonds, Series A; \$6,205 serial bonds, 3.4% to 4.7% due in annual installments from \$40 to \$570 through Aug. 1, 2014; \$4,810 term bonds at 4.75% due Aug. 1, 2021; and \$6,010 term bonds at 5.0% due Aug. 1, 2027. 11,390

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 2013/14, the General Fund paid the first installment of \$3,333. The remaining obligation is \$6,667, which has been reflected as a liability in the government-wide statements.

\$6,055 1999 University Corridor/Sycamore Canyon Merged Project Area, Subordinate Tax Allocation Bonds, Series B; \$1,900 serial bonds, 4.5% to 5.5% due in annual installments from \$35 to \$190 through Sep. 1, 2013; \$1,135 term bonds at 5.5% due Sep. 1, 2018; and \$3,020 term bonds at 5.625% due Sep. 1, 2027. 4,155

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):

Successor Agency Trust:

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Redevelopment Agency bonds	\$ 256,222	\$ -	\$ 8,182	\$248,040	\$ 8,310
Notes Payable	<u>6,257</u>	<u>-</u>	<u>650</u>	<u>5,607</u>	<u>733</u>
Total	<u>\$ 262,479</u>	<u>\$ -</u>	<u>\$ 8,832</u>	<u>\$253,647</u>	<u>\$9,043</u>

\$20,395 1999 Casa Blanca Project Area, Tax Allocation Bonds, Series A; \$8,925 serial bonds, 3.4% to 4.7% due in annual installments from \$455 to \$780 through Aug. 1, 2014; \$2,565 term bonds at 4.75% due Aug. 1, 2017; \$4,035 term bonds at 4.75% due Aug. 1, 2021; and \$4,870 term bonds at 5% due Aug. 1, 2025. 12,250

\$4,550 Arlington Redevelopment Project, 2004 Tax Allocation Bonds, Series A; \$420 term bonds at 3.8% due Aug. 1, 2014; \$615 term bonds at 4.6% due Aug. 1, 2024; \$3,515 term bonds at 4.7% due Aug. 1, 2034. 4,175

\$2,975 Arlington Redevelopment Project Area, 2004 Tax Allocation Bonds; Series B: 5.5% due in annual installments from \$85 to \$235 through Aug. 1, 2024. 2,010

Redevelopment Agency Bonds:

Principal Outstanding

\$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).

\$ 85

\$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. 17,790

\$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. 2,975

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

\$40,435 Downtown/Airport Merged Project Area, 2003 Tax Allocation and Refunding Bonds; \$32,720 serial bonds 2.0% to 5.25% due in annual installments from \$1,220 to \$1,955 through Aug. 1, 2023; and \$7,715 term bonds at 5.0% due in annual installments from \$195 to \$2,060 through Aug. 2034. 26,780

\$24,115 2005 Housing Set-Aside Tax Allocation Bonds; \$17,025 serial bonds 3.0% to 4.625% due in annual installments from \$505 to \$1,165 through Aug. 1, 2025; \$2,425 term bonds at 5.0% due Aug. 1, 2028; and \$4,665 term bonds at 4.85% due Aug. 1, 2034. 18,415

\$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 \$590,000 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. 8,220

\$1,465 California Statewide Communities Development Authority 2005 Taxable Revenue Bonds, Series A (CRA/ERAF Loan Program); 3.87% to 5.01% due in annual installments of \$105 to \$180 through Aug. 1, 2015. 180

\$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. 12,520

\$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. 87,110

\$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. 34,785  
 Subtotal 242,840  
 Add: Unamortized bond premium 5,200  
 Total Redevelopment Agency Bonds \$248,040

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>
2015	\$ 8,310	\$ 12,047	\$ 20,357
2016	8,520	11,665	20,185
2017	8,905	11,256	20,161
2018	9,660	10,799	20,459
2019	10,125	10,299	20,424
2020-2024	61,015	42,744	103,759
2025-2029	58,175	26,736	84,911
2030-2034	45,205	13,826	59,031
2035-2038	32,925	3,110	36,035
Premium	5,200	-	5,200
Total	<u>\$248,040</u>	<u>\$142,482</u>	<u>\$390,522</u>

Notes Payable – Successor Agency: Principal Outstanding

These notes payable have been issued to promote development and expansion within the City's redevelopment areas. \$2,987

Pepsi Cola Bottling Company of Los Angeles, 10.5%, payable in net annual installments of \$341, subject to recording of completion. 775

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

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	
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	
	<u>1,845</u>
Total notes payable – Successor Agency	<u>\$ 5,607</u>

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>
2015	\$ 733	\$ 383	\$ 1,116
2016	771	357	1,128
2017	399	337	736
2018	428	323	751
2019	462	306	768
2020-2024	286	1,423	1,709
2025-2029	471	1,238	1,709
2030-2034	777	933	1,710
2035-2038	<u>1,280</u>	<u>430</u>	<u>1,710</u>
Total	<u>\$ 5,607</u>	<u>\$5,730</u>	<u>\$11,337</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 6/30/14</u>
Property Taxes:			
Non-Housing	\$41,335	\$15,298	2.70
Housing	8,667	2,765	3.13

\* The computations above are based on the total tax increment generated for the year ended June 30, 2014 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.

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

As of June 30, 2014, the City has several series of Assessment District and Community Facility District Bonds outstanding in the amount of \$45,350. 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 \$5,385 and Industrial Development Revenue Bonds of \$1,700 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.

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

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 refundings, 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, 2014:

	Notional Amount	Fair Value as of 6/30/14	Change in Fair Value for Fiscal Year
<b>Governmental Activities</b>			
2008 Renaissance Certificates of Participation	\$116,100	(19,485)	(146)
2012 Convention Center Financing	41,406	49	(977)
<b>Business-Type Activities</b>			
2008 Electric Refunding/Revenue Bonds Series A	68,525	(8,845)	800
2008 Electric Refunding/Revenue Bonds Series C	41,975	(6,646)	410
2011 Electric Refunding/Revenue Bonds Series A	41,925	(6,617)	411
2011 Water Refunding/Revenue Bonds Series A	56,525	(8,083)	(199)

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.

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, 2014 rates were as follows:

	2008 Electric Refunding/ Revenue Bonds Series A	2008 Electric Refunding/ Revenue Bonds Series C	2011 Electric Refunding/ Revenue Bonds Series A
	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>
Interest rate swap:			
Fixed payment to counterparty	3.11100%	3.20400%	3.20100%
Variable payment from counterparty	<u>(0.42414%)</u>	<u>(0.42543%)</u>	<u>(0.24925%)</u>
Net interest rate swap payments	2.68686%	2.77857%	2.95175%
Variable-rate bond coupon payments	<u>0.35041%</u>	<u>0.34837%</u>	<u>0.14338%</u>
Synthetic interest rate on bonds	<u>3.03727%</u>	<u>3.12694%</u>	<u>3.09513%</u>
	2011 Water Refunding/ Revenue Bonds Series A	2008 Renaissance COPs	2012 Convention Center Financing
	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>
Interest rate swap:			
Fixed payment to counterparty	3.20000%	3.36200%	3.24000%
Variable payment from counterparty	<u>(0.24900%)</u>	<u>(0.39595%)</u>	<u>(1.59857%)</u>
Net interest rate swap payments	2.95100%	2.96605%	1.64143%
Variable-rate bond coupon payments	<u>0.16488%</u>	<u>0.38032%</u>	<u>1.59857%</u>
Synthetic interest rate on bonds	<u>3.11588%</u>	<u>3.34637%</u>	<u>3.24000%</u>

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

Fair Value: As of June 30, 2014, in connection with all swap arrangements, the transactions had a combined net negative fair value of <\$49,627>. 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, 2014, 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, 2014, 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.

Fiscal Year Ending June 30	Variable-Rate Bonds			
	Principal	Interest	Interest Rate Swaps, Net	Total
2015	\$ 5,842	\$ 1,692	\$ 10,540	\$ 18,074
2016	6,138	1,654	10,389	18,181
2017	5,964	1,614	10,235	17,813
2018	7,217	1,571	10,058	18,846
2019	13,516	1,514	9,736	24,766
2020-2024	86,525	6,418	41,555	134,498
2025-2029	91,151	4,369	29,403	124,923
2030-2034	105,979	2,050	15,391	123,420
2035-2039	49,050	194	1,790	51,034
Total	<u>\$371,382</u>	<u>\$21,076</u>	<u>\$139,097</u>	<u>\$531,555</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, 2014:



**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 602
	Capital Outlay Fund	17,381
	Nonmajor Enterprise Funds	<u>133</u>
		18,116
Electric	Central Stores *	<u>914</u>
Water	Central Stores *	<u>392</u>
Total		<u>\$19,422</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, 2014:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Electric	\$11,284
	Water	4,855
	Sewer	3,106
	Nonmajor Governmental Funds	516
	Nonmajor Enterprise Funds	2,087
	Self-Insurance Trust *	204
	Central Stores *	213
	Central Garage *	<u>961</u>
		<u>23,226</u>
Self-Insurance Trust *	Nonmajor Enterprise Funds	452
	General Fund	166
	Nonmajor Governmental Funds	458
	Central Garage *	<u>1,688</u>
		2,764
Central Garage *	Nonmajor Governmental Funds	3,460
Sewer	Nonmajor Governmental Funds	<u>7,283</u>
Total		<u>\$36,733</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	\$ 652
Nonmajor Governmental Funds	39,739
Electric	5,800
Sewer	4,436
Self-Insurance Trust *	<u>5,634</u>
Total	<u>\$56,261</u>

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, 2014:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General	Electric	\$38,704
	Water	<u>6,991</u>
		<u>45,695</u>
Nonmajor Governmental Funds	General Fund	9,851
	Capital Outlay Fund	2,185
	Nonmajor Enterprise Funds	<u>738</u>
		<u>12,774</u>
Water	General Fund	<u>3,333</u>
Total		<u>\$61,802</u>

13. Deficit Net Position

Deficit net position exists in the Self-Insurance Internal Service Fund (\$25,953). 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 (\$1,733). 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 (\$205,604). 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. For each of the fiscal years shown on the following page, 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:

##### 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 2% in fiscal year 2013/14, with the City paying the remaining 6% of the employee share.
- 2<sup>nd</sup> Tier - The retirement formula is 2.7% at age 55, and:

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

- 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) Annual Pension Cost. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.30% per year compounded annually, attributable to inflation, and (c) 2.75% expected long term inflation. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments (smoothed market value). All changes in the unfunded actuarial accrued liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately as a level percentage of pay over a closed 20-year period. All gains or losses are tracked and amortized over a rolling 30-year period with the exception of special gains and losses in fiscal years 2008-2009, 2009-2010 and 2010-2011. Each of these years' gains or losses has been isolated and amortized over fixed and declining 30 year periods (as opposed to the current rolling 30 year amortization).

Three-year trend information for CalPERS:

Fiscal Year	Plan	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation (Asset)
2012	Misc	\$21,661	92.8%	\$(53,694)
2012	Safety	18,542	86.6%	(79,890)
2013	Misc	21,907	91.5%	(51,825)
2013	Safety	18,945	83.9%	(76,846)
2014	Misc	22,361	90.1%	(49,615)
2014	Safety	20,861	82.5%	(73,191)

In 2004 and 2005, the City issued pension obligation bonds to fund the unfunded actuarial accrued liability for safety and miscellaneous employees. The asset related to the net pension asset will be amortized in accordance with the method used by CalPERS for calculating actuarial gains and losses over a 19-year period. A total of \$122,806 of net pension assets is included in the Government-wide Statement of Net Position and in the proprietary fund statements.

Determination of Net Pension Asset as of June 30, 2014:

	Misc	Safety
Annual required contribution	\$ 20,151	\$ 17,206
Interest on net pension asset	(3,887)	(5,763)
Adjustment to annual required contribution	<u>6,097</u>	<u>9,418</u>
Annual pension cost	22,361	20,861
Less contributions made	<u>(20,151)</u>	<u>(17,206)</u>
Decrease in net pension asset	2,210	3,655
Net pension asset, beginning of year	<u>(51,825)</u>	<u>(76,846)</u>
Net pension asset, end of year	<u><u>\$(49,615)</u></u>	<u><u>(73,191)</u></u>

Schedule of funding for CalPERS:

Plan	Actuarial Valuation Date	Entry Age Normal Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded/ (Overfunded) Actuarial Liability (UAAL)	% Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
Misc.	6/30/11	\$998,216	887,857	110,359	88.9	108,106	102.1
Safety	6/30/11	\$731,074	650,954	80,120	89.0	62,538	128.1

**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.

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

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, 2014 was \$4,913, which consisted of normal cost of \$2,553 and UAAL amortization of \$2,360. The ARC as a percentage of payroll was 3.2% for the year ended June 30, 2014.

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.

Determination of the Net OPEB Obligation as of June 30, 2014:

Annual required contribution	\$ 4,913
Interest on net OPEB obligation	960
Amortization of net OPEB obligation	<u>(1,116)</u>
Annual benefit pension cost	4,757
Less contributions made	<u>(1,232)</u>
Increase in net OPEB obligation	3,525
Net OPEB liability, beginning of year	<u>22,317</u>
Net OPEB liability, end of year	<u>\$25,842</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>
2012	\$5,821	\$1,426	25%
2013	6,011	1,626	27%
2014	4,913	1,232	25%

Fiscal Year <u>June 30,</u>	<u>Annual OPEB Cost</u>	<u>% of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$5,789	25%	\$17,796
2013	6,147	26%	22,317
2014	4,756	26%	25,842

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

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2014**

(amounts expressed in thousands)

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 2013-14 and 2012-13 fiscal years, the Electric Utility paid approximately \$17,440 and \$16,171, 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 Upgrading (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 0.35 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>	
2015	\$ 14,786	\$ 669	\$ 8,310	\$ 703	\$ 269	\$ 3,087	\$ 27,824
2016	22,127	672	8,364	701	269	3,013	35,146
2017	11,650	675	8,182	701	262	2,952	24,422
2018	16,935	679	8,020	699	258	2,910	29,501
2019	18,827	-	7,927	-	257	2,882	29,893
Thereafter	<u>55,421</u>	<u>-</u>	<u>54,497</u>	<u>-</u>	<u>443</u>	<u>4,995</u>	<u>115,356</u>
Total	<u>\$139,746</u>	<u>\$ 2,695</u>	<u>\$95,300</u>	<u>\$ 2,804</u>	<u>\$ 1,758</u>	<u>\$19,839</u>	<u>\$262,142</u>

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 Upgrading	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

**CITY OF RIVERSIDE  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the year ended June 30, 2014**

(amounts expressed in thousands)

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, 2014 and 2013, 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>
2014	\$24,466	\$2,416	\$3,296	\$ 104	\$ 50	\$ 312	\$30,644
2013	\$26,445	\$2,528	\$2,405	\$ 97	\$ 41	\$ 338	\$31,854

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 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 2013, renewable resources provided 24% 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:

<u>Supplier</u>	<u>Type</u>	<u>Maximum Contract</u>	<u>Contract Expiration</u>	<u>Estimated Annual Cost for 2015</u>
Salton Sea Power LLC	Geothermal	46.0MW	5/31/20	\$ 23,675
Wintec	Wind	1.3MW	12/30/18	211
WKN Wagner	Wind	6.0MW	12/22/32	1,113
		<u>53.3MW</u>		

<u>Supplier</u>	<u>Type</u>	<u>Maximum Contract<sup>1</sup></u>	<u>Expected Delivery</u>	<u>Energy Delivery No Later Than</u>	<u>Contract Term In Years</u>
CalEnergy	Geothermal	86.0MW	2/11/16	2/11/16	25
AP North Lake	Photovoltaic	20.0MW	6/30/15	12/31/15	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
First Solar	Photovoltaic	14.0MW	12/31/15	6/30/16	20
Recurrent Clearwater	Photovoltaic	14.9MW	Delayed	12/31/15	20
Dominion Columbia II	Photovoltaic	11.1MW	12/31/14	12/31/15	20
Cabazon Wind	Wind	39.0MW	1/1/15	12/31/15	10
Solar Star	Photovoltaic	7.3MW	9/30/15	12/31/15	25
		<u>212.3MW</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, 2014, the Sewer and Electric Utilities had approximately \$86 million and \$11 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 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 currently estimates that it will provide the other initial activity phase plans and cost estimates to the NRC by the end of 2014.

SCE has prepared a draft decommissioning plan, an environmental evaluation and an updated cost estimate to decommission the San Onofre nuclear plant. The draft plan, called a Post-Shutdown Decommissioning Activities Report (PSDAR), spells out the timetable for major decommissioning work expected to begin in early 2016 and indicates adequate funds exist to pay for the work. SCE estimates that it will cost \$4.4 billion to safely complete the 20-year decommissioning of San Onofre.

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 will continue to set aside approximately \$1,600 per year to fund decommissioning costs. 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.

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. In fiscal year 2014, the City continued to collect from customers, through its rates, which paid for the City's share of the ongoing operating costs and replacement power related to SONGS.

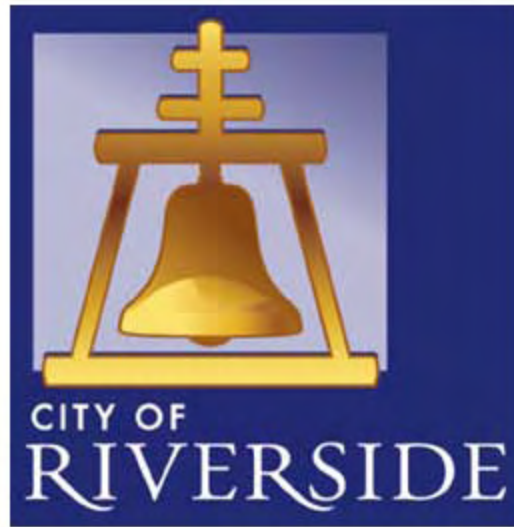
As a result of the decision by SCE to permanently retire Units 2 and 3 of SONGS prior to the expiration of the NRC licenses, the City expects to incur certain costs resulting from the early termination of long-term uranium fuel supply contracts. On November 12, 2013, Uranium One Inc. served a Demand for Arbitration on SCE, SDG&E and the City, seeking an award of damages in the approximate amount of \$12.5 million. Uranium One, Inc. asserts damages from a purchase agreement to deliver certain amounts of uranium concentrates in 2011, 2012 and 2013. On April 25, 2014, Energy Resources of Australia, Ltd. and Rossing Uranium Ltd. served a Demand for Arbitration on SCE, asserting similar claims as Uranium One Inc. and seeking an award of damages in the approximate amount of \$19.5 million. No arbitration dates have been set and the City cannot estimate the outcomes of these pending claims at this time.

#### 18. Subsequent Events

##### 2014 Subordinate Tax Allocation Refunding Bonds

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. 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.





## Required Supplementary Information

### Consists of the following:

- Pension Plan Funding Progress
- Other Post-Employment Benefits (OPEB) Funding Progress

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

**Employee Retirement System - Schedule of Funding Progress**

June 30, 2012 Actuarial Valuation Date	Value of Assets		Accrued Liability	Unfunded Liability		Funded Ratios		Annual Covered Payroll	UL as a % of Payroll
	Actuarial Value of Assets (AVA)	Market Value of Assets (MVA)		AVA	MVA	AVA	MVA		
Miscellaneous	\$ 919,572	\$ 766,804	\$ 1,046,200	\$ 126,628	\$ 279,395	87.9%	73.3%	\$ 110,037	115.1%
Safety	673,938	561,734	766,405	92,468	204,672	87.9%	73.3%	63,115	146.5%
<b>Total</b>	<b>\$ 1,593,510</b>	<b>\$ 1,328,538</b>	<b>\$ 1,812,605</b>	<b>\$ 219,096</b>	<b>\$ 484,067</b>			<b>\$ 173,152</b>	

June 30, 2011 Actuarial Valuation Date	Value of Assets		Accrued Liability	Unfunded Liability		Funded Ratios		Annual Covered Payroll	UL as a % of Payroll
	Actuarial Value of Assets (AVA)	Market Value of Assets (MVA)		AVA	MVA	AVA	MVA		
Miscellaneous	\$ 887,857	\$ 786,080	\$ 998,216	\$ 110,359	\$ 212,136	88.9%	78.7%	\$ 108,106	102.1%
Safety	650,954	575,006	731,074	80,120	156,068	89.0%	78.7%	62,538	128.1%
<b>Total</b>	<b>\$ 1,538,811</b>	<b>\$ 1,361,086</b>	<b>\$ 1,729,290</b>	<b>\$ 190,479</b>	<b>\$ 368,204</b>			<b>\$ 170,644</b>	

June 30, 2010 Actuarial Valuation Date	Value of Assets		Accrued Liability	Unfunded Liability		Funded Ratios		Annual Covered Payroll	UL as a % of Payroll
	Actuarial Value of Assets (AVA)	Market Value of Assets (MVA)		AVA	MVA	AVA	MVA		
Miscellaneous	\$ 846,368	\$ 660,844	\$ 952,499	\$ 106,131	\$ 291,656	88.9%	69.4%	\$ 106,590	99.6%
Safety	621,107	483,776	685,213	621,107	201,437	90.6%	70.6%	61,778	103.8%
<b>Total</b>	<b>\$ 1,467,475</b>	<b>\$ 1,144,620</b>	<b>\$ 1,637,712</b>	<b>\$ 727,238</b>	<b>\$ 493,093</b>			<b>\$ 168,368</b>	

**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, 2014  
(amounts expressed in thousands)

Special Revenue							
<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	\$ -	\$ 17,867	\$ 571	\$ 1,194	\$ -	\$ 1,383	\$ 21,015
Cash and investments at fiscal agent	-	-	-	-	-	163	163
Receivable (net of allowance for uncollectibles):							
Interest	-	86	2	6	-	8	102
Accounts	-	-	-	2	-	-	2
Intergovernmental	545	208	96	1,077	656	-	2,582
Notes	-	-	-	12,602	-	20,665	33,267
Advances to Successor Agency	-	-	-	-	-	20,571	20,571
Land & improvements held for resale	-	-	-	1,310	-	3,212	4,522
<b>Total assets</b>	<b>\$ 545</b>	<b>\$ 18,161</b>	<b>\$ 669</b>	<b>\$ 16,191</b>	<b>\$ 656</b>	<b>\$ 46,002</b>	<b>\$ 82,224</b>
<b>Liabilities</b>							
Accounts payable	\$ 298	\$ 306	\$ 22	\$ 331	\$ -	\$ 110	\$ 1,067
Accrued payroll	-	-	-	16	-	14	30
Retainage payable	-	1,364	-	-	-	-	1,364
Deposits	-	-	-	-	-	3	3
Due to other funds	247	-	-	-	355	-	602
Advance from other funds	-	-	-	516	-	458	974
<b>Total liabilities</b>	<b>545</b>	<b>1,670</b>	<b>22</b>	<b>863</b>	<b>355</b>	<b>585</b>	<b>4,040</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	-	-	-	13,913	-	20,609	34,522
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,913</b>	<b>-</b>	<b>20,609</b>	<b>34,522</b>
<b>Fund Balances (Deficits)</b>							
Restricted for:							
Housing and redevelopment	-	-	-	1,415	-	24,808	26,223
Transportation and public works	-	16,491	647	-	301	-	17,439
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>16,491</b>	<b>647</b>	<b>1,415</b>	<b>301</b>	<b>24,808</b>	<b>43,662</b>
Total liabilities deferred inflows of resources, and fund balances (deficits)	<b>\$ 545</b>	<b>\$ 18,161</b>	<b>\$ 669</b>	<b>\$ 16,191</b>	<b>\$ 656</b>	<b>\$ 46,002</b>	<b>\$ 82,224</b>

City of Riverside  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014  
(amounts expressed in thousands)

	Capital Projects				General Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
	Special Capital Improvement	Storm Drain	Transportation	Total		Library Special	
<b>Assets</b>							
Cash and investments	\$ 3,053	\$ 2,043	\$ 70	\$ 5,166	\$ 758	\$ 1,460	\$ 28,399
Cash and investments at fiscal agent	2,418	-	-	2,418	10,298	-	12,879
Receivable (net of allowance for uncollectibles):							
Interest	15	11	-	26	6	-	134
Accounts	-	-	-	-	-	-	2
Intergovernmental	-	-	-	-	-	-	2,582
Notes	-	-	-	-	-	-	33,267
Advances to Successor Agency	-	-	-	-	19,168	-	39,739
Land & improvements held for resale	-	-	-	-	-	-	4,522
Total assets	<u>\$ 5,486</u>	<u>\$ 2,054</u>	<u>\$ 70</u>	<u>\$ 7,610</u>	<u>\$ 30,230</u>	<u>\$ 1,460</u>	<u>\$ 121,524</u>
<b>Liabilities</b>							
Accounts payable	\$ 326	\$ -	\$ -	\$ 326	\$ 171	\$ -	\$ 1,564
Accrued payroll	-	-	-	-	-	-	30
Retainage payable	32	-	-	32	-	-	1,396
Deposits	-	-	-	-	-	-	3
Due to other funds	-	-	-	-	-	-	602
Advance from other funds	6,861	-	-	6,861	3,882	-	11,717
Total liabilities	<u>7,219</u>	<u>-</u>	<u>-</u>	<u>7,219</u>	<u>4,053</u>	<u>-</u>	<u>15,312</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	-	-	-	-	-	-	34,522
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,522</u>
<b>Fund Balances (Deficits)</b>							
Nonspendable:							
Permanent fund principal	-	-	-	-	-	1,460	1,460
Restricted for:							
Housing and redevelopment	-	-	-	-	-	-	26,223
Debt service	-	-	-	-	26,177	-	26,177
Transportation and public works	-	-	70	70	-	-	17,509
Other purposes	-	2,054	-	2,054	-	-	2,054
Unassigned	(1,733)	-	-	(1,733)	-	-	(1,733)
Total fund balances (deficits)	<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>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 5,486</u>	<u>\$ 2,054</u>	<u>\$ 70</u>	<u>\$ 7,610</u>	<u>\$ 30,230</u>	<u>\$ 1,460</u>	<u>\$ 121,524</u>

City of Riverside  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2014  
(amounts expressed in thousands)

	Special Revenue						Total
	Urban Area Security Initiative	Gas Tax	Air Quality Improvement	Housing & Community Development	NPDES Storm Drain	Housing	
<b>Revenues</b>							
Intergovernmental	\$ 2,271	\$ 9,418	\$ 480	\$ 5,429	\$ -	\$ -	\$ 17,598
Special assessments	-	-	-	-	657	-	657
Rental and investment income	-	202	5	33	-	96	336
Miscellaneous	-	-	258	314	-	564	1,136
Total revenues	<u>2,271</u>	<u>9,620</u>	<u>743</u>	<u>5,776</u>	<u>657</u>	<u>660</u>	<u>19,727</u>
<b>Expenditures</b>							
Current:							
General government	-	-	556	423	-	1,472	2,451
Public safety	2,271	-	-	-	-	-	2,271
Capital outlay	-	7,479	-	4,736	532	-	12,747
Debt service:							
Interest	-	-	-	12	-	5	17
Bond issuance costs	-	-	-	2	-	-	2
Total expenditures	<u>2,271</u>	<u>7,479</u>	<u>556</u>	<u>5,173</u>	<u>532</u>	<u>1,477</u>	<u>17,488</u>
Excess (deficiency) of revenues over (under) expenditures	-	2,141	187	603	125	(817)	2,239
<b>Other financing sources (uses)</b>							
Sales of capital assets	-	-	-	-	-	27	27
Total other financing sources (uses)	-	-	-	-	-	27	27
Net change in fund balances	-	2,141	187	603	125	(790)	2,266
Fund balances - beginning	-	14,350	460	812	176	25,598	41,396
Fund balances - ending	<u>\$ -</u>	<u>\$ 16,491</u>	<u>\$ 647</u>	<u>\$ 1,415</u>	<u>\$ 301</u>	<u>\$ 24,808</u>	<u>\$ 43,662</u>

**City of Riverside**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended June 30, 2014**  
**(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	\$ 1,422	\$ 128	\$ -	\$ 1,550	\$ -	\$ -	1,550
Intergovernmental	-	116	-	116	-	-	17,714
Special assessments	-	-	-	-	1,108	-	1,765
Rental and investment income	30	22	1	53	1,748	14	2,151
Miscellaneous	105	-	-	105	419	115	1,775
Total revenues	<u>1,557</u>	<u>266</u>	<u>1</u>	<u>1,824</u>	<u>3,275</u>	<u>129</u>	<u>24,955</u>
<b>Expenditures</b>							
Current:							
General government	736	4	-	740	16	-	3,207
Public safety	-	-	-	-	-	-	2,271
Culture and recreation	-	-	-	-	-	110	110
Capital outlay	2,517	179	-	2,696	-	-	15,443
Debt service:							
Principal	-	-	-	-	5,298	-	5,298
Interest	69	-	-	69	10,442	-	10,528
Bond issuance costs	-	-	-	-	-	-	2
Total expenditures	<u>3,322</u>	<u>183</u>	<u>-</u>	<u>3,505</u>	<u>15,756</u>	<u>110</u>	<u>36,859</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,765)</u>	<u>83</u>	<u>1</u>	<u>(1,681)</u>	<u>(12,481)</u>	<u>19</u>	<u>(11,904)</u>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	12,774	-	12,774
Sales of capital assets	-	-	-	-	-	-	27
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,774</u>	<u>-</u>	<u>12,801</u>
Net change in fund balances	<u>(1,765)</u>	<u>83</u>	<u>1</u>	<u>(1,681)</u>	<u>293</u>	<u>19</u>	<u>897</u>
Fund balances - beginning	32	1,971	69	2,072	25,884	1,441	70,793
Fund balances - ending	<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>



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, 2014  
(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	\$ 3,171	\$ 2,271	\$ (900)	\$ 6,985	\$ 9,418	\$ 2,433	\$ 360	\$ 480	\$ 120
Rental and investment income	-	-	-	150	202	52	-	5	5
Miscellaneous	-	-	-	-	-	-	233	258	25
Total revenues	<u>3,171</u>	<u>2,271</u>	<u>(900)</u>	<u>7,135</u>	<u>9,620</u>	<u>2,485</u>	<u>593</u>	<u>743</u>	<u>150</u>
<b>Expenditures</b>									
Current:									
General government	-	-	-	-	-	-	922	556	366
Public safety	3,349	2,271	1,078	-	-	-	-	-	-
Capital outlay	-	-	-	19,267	7,479	11,788	-	-	-
Total expenditures	<u>3,349</u>	<u>2,271</u>	<u>1,078</u>	<u>19,267</u>	<u>7,479</u>	<u>11,788</u>	<u>922</u>	<u>556</u>	<u>366</u>
Net change in fund balances	(178)	-	178	(12,132)	2,141	14,273	(329)	187	516
Fund balances (deficit), beginning	-	-	-	14,350	14,350	-	460	460	-
Fund balances (deficit), ending	<u>\$ (178)</u>	<u>\$ -</u>	<u>\$ 178</u>	<u>\$ 2,218</u>	<u>\$ 16,491</u>	<u>\$ 14,273</u>	<u>\$ 131</u>	<u>\$ 647</u>	<u>\$ 516</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, 2014  
(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	\$ 6,473	\$ 5,429	\$ (1,044)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	604	657	53	-	-	-
Rental and investment income	28	33	5	-	-	-	-	96	96
Miscellaneous	404	314	(90)	-	-	-	-	564	564
Total revenues	<u>6,905</u>	<u>5,776</u>	<u>(1,129)</u>	<u>604</u>	<u>657</u>	<u>53</u>	<u>-</u>	<u>660</u>	<u>660</u>
<b>Expenditures</b>									
Current:									
General government	1,277	423	854	-	-	-	1,423	1,472	(49)
Capital outlay	16,900	4,736	12,164	747	532	215	-	-	-
Debt service:									
Principal	23	-	23	-	-	-	-	-	-
Interest	15	12	3	-	-	-	-	5	(5)
Bond issuance costs	-	2	(2)	-	-	-	-	-	-
Total expenditures	<u>18,215</u>	<u>5,173</u>	<u>13,042</u>	<u>747</u>	<u>532</u>	<u>215</u>	<u>1,423</u>	<u>1,477</u>	<u>(54)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,310)</u>	<u>603</u>	<u>11,913</u>	<u>(143)</u>	<u>125</u>	<u>268</u>	<u>(1,423)</u>	<u>(817)</u>	<u>606</u>
<b>Other financing sources (uses)</b>									
Sale of capital assets	-	-	-	-	-	-	-	27	27
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>27</u>
Net change in fund balances	(11,310)	603	11,913	(143)	125	268	(1,423)	(790)	633
Fund balances (deficit), beginning	812	812	-	176	176	-	25,598	25,598	-
Fund balances (deficit), ending	<u>\$ (10,498)</u>	<u>\$ 1,415</u>	<u>\$ 11,913</u>	<u>\$ 33</u>	<u>\$ 301</u>	<u>\$ 268</u>	<u>\$ 24,175</u>	<u>\$ 24,808</u>	<u>\$ 633</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, 2014  
(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	\$ -	\$ -	\$ -	\$ 3,120	\$ 1,422	\$ (1,698)	\$ 100	\$ 128	\$ 28	\$ -	\$ -	\$ -
Intergovernmental	84,092	28,719	(55,373)	-	-	-	3,345	116	(3,229)	-	-	-
Special assessments	125	288	163	-	-	-	-	-	-	-	-	-
Rental and investment income	170	307	137	-	30	30	25	22	(3)	-	1	1
Miscellaneous	3,599	1,780	(1,819)	-	105	105	-	-	-	-	-	-
Total revenues	<u>87,986</u>	<u>31,094</u>	<u>(56,892)</u>	<u>3,120</u>	<u>1,557</u>	<u>(1,563)</u>	<u>3,470</u>	<u>266</u>	<u>(3,204)</u>	<u>-</u>	<u>1</u>	<u>1</u>
<b>Expenditures</b>												
Current:												
General government	-	-	-	2,336	736	1,600	4	4	-	-	-	-
Capital outlay	138,244	48,333	89,911	4,634	2,517	2,117	4,857	179	4,678	-	-	-
Debt service:												
Interest	-	-	-	137	69	68	-	-	-	-	-	-
Bond issuance costs	738	738	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>138,982</u>	<u>49,071</u>	<u>89,911</u>	<u>7,107</u>	<u>3,322</u>	<u>3,785</u>	<u>4,861</u>	<u>183</u>	<u>4,678</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,996)</u>	<u>(17,977)</u>	<u>33,019</u>	<u>(3,987)</u>	<u>(1,765)</u>	<u>2,222</u>	<u>(1,391)</u>	<u>83</u>	<u>1,474</u>	<u>-</u>	<u>1</u>	<u>1</u>
<b>Other financing sources (uses)</b>												
Transfers out	(1,521)	(2,185)	664	-	-	-	-	-	-	-	-	-
Issuance of long-term debt	54,886	54,886	-	-	-	-	-	-	-	-	-	-
Bond Premium	1,211	1,211	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>54,576</u>	<u>53,912</u>	<u>664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,580	35,935	33,683	(3,987)	(1,765)	2,222	(1,391)	83	1,474	-	1	1
Fund balances (deficit), beginning	1,432	1,432	-	32	32	-	1,971	1,971	-	69	69	-
Fund balances (deficit), ending	<u>\$ 5,012</u>	<u>\$ 37,367</u>	<u>\$ 33,683</u>	<u>\$ (3,955)</u>	<u>\$ (1,733)</u>	<u>\$ 2,222</u>	<u>\$ 580</u>	<u>\$ 2,054</u>	<u>\$ 1,474</u>	<u>\$ 69</u>	<u>\$ 70</u>	<u>\$ 1</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, 2014**  
**(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	\$ -	\$ 3,444	\$ 2,477	\$ 344	\$ 6,265
Receivables (net of allowance for uncollectibles)					
Interest	-	23	12	5	40
Utility billed	-	1,041	-	-	1,041
Utility unbilled	-	723	-	-	723
Accounts	34	592	36	555	1,217
Intergovernmental	75	-	1	9	85
Restricted assets:					
Other restricted cash and cash equivalents	-	901	-	-	901
Total current assets	<u>109</u>	<u>6,724</u>	<u>2,526</u>	<u>913</u>	<u>10,272</u>
Non-current assets:					
Regulatory assets	-	6,499	-	-	6,499
Net pension asset	214	1,164	560	157	2,095
Capital assets:					
Land	9,988	-	-	9,192	19,180
Buildings	2,631	-	22	33,228	35,881
Accumulated depreciation-buildings	(1,245)	-	(10)	(4,429)	(5,684)
Improvements other than buildings	19,662	-	1,691	6,731	28,084
Accumulated depreciation-improvements other than buildings	(6,510)	-	(98)	(1,637)	(8,245)
Machinery and equipment	412	14,487	3,956	1,138	19,993
Accumulated depreciation-machinery and equipment	(307)	(9,978)	(2,948)	(1,008)	(14,241)
Construction in progress	-	-	35	-	35
Total non-current assets:	<u>24,845</u>	<u>12,172</u>	<u>3,208</u>	<u>43,372</u>	<u>83,597</u>
Total assets	<u>24,954</u>	<u>18,896</u>	<u>5,734</u>	<u>44,285</u>	<u>93,869</u>

Continued

**City of Riverside**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2014**  
**(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	7	853	24	148	1,032
Accrued payroll	12	105	50	29	196
Retainage payable	-	-	-	20	20
Unearned revenue	-	-	2,229	-	2,229
Due to other funds	133	-	-	-	133
Notes payable - current	-	-	-	906	906
Landfill capping - current	-	200	-	-	200
Compensated absences - current	22	393	70	39	524
Total current liabilities	<u>174</u>	<u>1,551</u>	<u>2,373</u>	<u>1,142</u>	<u>5,240</u>
Non-current liabilities:					
Notes payables	-	-	-	21,186	21,186
Advances from other funds	213	1,160	558	608	2,539
Landfill capping	-	5,972	-	-	5,972
Compensated absences	4	73	13	7	97
Other postemployment benefits	99	824	375	176	1,474
Total non-current liabilities	<u>316</u>	<u>8,029</u>	<u>946</u>	<u>21,977</u>	<u>31,268</u>
Total liabilities	<u>490</u>	<u>9,580</u>	<u>3,319</u>	<u>23,119</u>	<u>36,508</u>
<b>Net Position</b>					
Net investment in capital assets	24,631	4,509	2,648	21,123	52,911
Restricted for landfill capping	-	901	-	-	901
Unrestricted	(167)	3,906	(233)	43	3,549
Total net position	<u>\$ 24,464</u>	<u>\$ 9,316</u>	<u>\$ 2,415</u>	<u>\$ 21,166</u>	<u>\$ 57,361</u>

**City of Riverside**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the fiscal year ended June 30, 2014**  
**(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	\$ 1,100	\$ 20,677	\$ 413	\$ 4,382	\$ 26,572
Operating expenses:					
Personnel services	544	4,472	2,106	1,047	8,169
Contractual services	51	3,960	20	1,514	5,545
Maintenance and operation	225	5,911	661	441	7,238
General	113	3,578	382	46	4,119
Materials and supplies	19	1,114	221	19	1,373
Insurance	28	115	49	108	300
Depreciation and amortization	698	1,630	612	1,073	4,013
Total operating expenses	<u>1,678</u>	<u>20,780</u>	<u>4,051</u>	<u>4,248</u>	<u>30,757</u>
Operating Income (loss)	<u>(578)</u>	<u>(103)</u>	<u>(3,638)</u>	<u>134</u>	<u>(4,185)</u>
Nonoperating revenues (expenses):					
Operating grants	-	-	2,524	-	2,524
Interest income	-	51	30	7	88
Other	84	413	8	699	1,204
Gain/loss on retirement of capital assets	27	(19)	4	524	536
Interest expense and fiscal charges	(11)	(32)	(16)	(886)	(945)
Total non-operating revenues	<u>100</u>	<u>413</u>	<u>2,550</u>	<u>344</u>	<u>3,407</u>
Income (loss) before capital contributions and transfers	<u>(478)</u>	<u>310</u>	<u>(1,088)</u>	<u>478</u>	<u>(778)</u>
Cash capital contributions	296	-	950	-	1,246
Transfers out	-	-	-	(738)	(738)
Change in net position	<u>(182)</u>	<u>310</u>	<u>(138)</u>	<u>(260)</u>	<u>(270)</u>
Total net position - beginning	24,646	9,006	2,553	21,426	57,631
Total net position - ending	<u>\$ 24,464</u>	<u>\$ 9,316</u>	<u>\$ 2,415</u>	<u>\$ 21,166</u>	<u>\$ 57,361</u>

City of Riverside  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the fiscal year ended June 30, 2014  
(amounts expressed in thousands)

	<u>Airport</u>	<u>Refuse</u>	<u>Transportation</u>	<u>Public Parking</u>	<u>Totals</u>
Cash flows from operating activities:					
Cash received from customers and users	\$ 1,120	\$ 20,785	\$ 1,006	\$ 4,930	\$ 27,841
Cash paid to employees for services	(537)	(4,363)	(1,999)	(1,012)	(7,911)
Cash paid to other suppliers of goods or services	(733)	(14,831)	(1,676)	(2,461)	(19,701)
Other receipts	<u>83</u>	<u>413</u>	<u>6</u>	<u>699</u>	<u>1,201</u>
Net cash provided (used) by operating activities	<u>(67)</u>	<u>2,004</u>	<u>(2,663)</u>	<u>2,156</u>	<u>1,430</u>
Cash flows from noncapital financing activities:					
Transfers out	-	-	-	(738)	(738)
Outflows on interfund advances	<u>(329)</u>	<u>(51)</u>	<u>(25)</u>	<u>(996)</u>	<u>(1,401)</u>
Net cash (used) by noncapital financing activities	<u>(329)</u>	<u>(51)</u>	<u>(25)</u>	<u>(1,734)</u>	<u>(2,139)</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(25)	-	(834)	(928)	(1,787)
Proceeds from the sale of capital assets	27	9	4	2,602	2,642
Principal paid on long-term obligations	-	-	(7)	(871)	(878)
Interest paid on long-term obligations	(11)	(32)	(16)	(885)	(944)
Grant proceeds	109	-	2,524	-	2,633
Capital contributions	<u>296</u>	<u>-</u>	<u>950</u>	<u>-</u>	<u>1,246</u>
Net cash (used) provided for capital and related financing activities	<u>396</u>	<u>(23)</u>	<u>2,621</u>	<u>(82)</u>	<u>2,912</u>
Cash flows from investing activities:					
Income from investments	<u>-</u>	<u>42</u>	<u>28</u>	<u>3</u>	<u>73</u>
Net cash provided by investing activities	<u>-</u>	<u>42</u>	<u>28</u>	<u>3</u>	<u>73</u>
Net change in cash and cash equivalents	-	1,972	(39)	343	2,276
Cash and cash equivalents, beginning	<u>-</u>	<u>2,373</u>	<u>2,516</u>	<u>1</u>	<u>4,890</u>
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ 4,345</u>	<u>\$ 2,477</u>	<u>\$ 344</u>	<u>\$ 7,166</u>

Continued



City of Riverside  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the fiscal year ended June 30, 2014  
(amounts expressed in thousands)

Continued

	<u>Airport</u>	<u>Refuse</u>	<u>Transportation</u>	<u>Public Parking</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating Income (loss)	\$ (578)	\$ (103)	\$ (3,638)	\$ 134	\$ (4,185)
Other receipts	83	413	6	699	1,201
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	698	1,630	612	1,073	4,013
Amortization of pension costs	9	52	25	7	93
Decrease in accounts receivable	20	108	593	554	1,275
(Increase) due from other governments	-	-	-	(6)	(6)
Increase (Decrease) in accounts payable	(297)	133	(343)	(333)	(840)
Increase (Decrease) in accrued payroll	(15)	471	30	2	488
Increase (Decrease) in other payable	13	(414)	52	26	(323)
(Decrease) in landfill capping	-	(286)	-	-	(286)
Net cash provided (used) by operating activities	<u>\$ (67)</u>	<u>\$ 2,004</u>	<u>\$ (2,663)</u>	<u>\$ 2,156</u>	<u>\$ 1,430</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, 2014**  
 (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	\$ 1,118	\$ -	\$ 2,065	\$ 3,183
Receivables (net of allowance for uncollectibles)				
Interest	16	-	28	44
Accounts	-	-	54	54
Intergovernmental	46	-	6	52
Inventory	-	5,444	375	5,819
Total current assets	<u>1,180</u>	<u>5,444</u>	<u>2,528</u>	<u>9,152</u>
<b>Non-current assets:</b>				
Advances to other funds	2,764	-	3,460	6,224
Advances to Successor Agency	5,634	-	-	5,634
Net pension asset	205	215	964	1,384
<b>Capital assets:</b>				
Land	-	-	458	458
Buildings	-	-	1,488	1,488
Accumulated depreciation-buildings	-	-	(300)	(300)
Improvements other than buildings	-	-	726	726
Accumulated depreciation - improvements other than buildings	-	-	(83)	(83)
Machinery and equipment	5	139	10,665	10,809
Accumulated depreciation-machinery and equipment	-	(139)	(8,088)	(8,227)
Construction in progress	-	-	1,482	1,482
Total non-current assets:	<u>8,608</u>	<u>215</u>	<u>10,772</u>	<u>19,595</u>
<b>Total assets</b>	<u>9,788</u>	<u>5,659</u>	<u>13,300</u>	<u>28,747</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	233	212	1,363	1,808
Accrued payroll	13	16	71	100
Retainage payable	-	-	71	71
Due to other funds	-	1,306	-	1,306
Claims and judgments - current	11,122	-	-	11,122
Compensated absences - current	15	45	207	267
Total current liabilities	<u>11,383</u>	<u>1,579</u>	<u>1,712</u>	<u>14,674</u>
<b>Non-current liabilities:</b>				
Advances from other funds	204	213	2,649	3,066
Claims and judgments	24,045	-	-	24,045
Compensated absences	17	48	227	292
Other postemployment benefits	92	111	469	672
Total non-current liabilities	<u>24,358</u>	<u>372</u>	<u>3,345</u>	<u>28,075</u>
<b>Total liabilities</b>	<u>35,741</u>	<u>1,951</u>	<u>5,057</u>	<u>42,749</u>
<b>Net Position</b>				
Net investment in capital assets	5	-	6,348	6,353
Unrestricted	(25,958)	3,708	1,895	(20,355)
Total net position	<u>\$ (25,953)</u>	<u>\$ 3,708</u>	<u>\$ 8,243</u>	<u>\$ (14,002)</u>

**City of Riverside**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2014**  
**(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	\$ 11,894	\$ 1,511	\$ 8,367	\$ 21,772
Operating expenses:				
Personnel services	511	662	2,991	4,164
Contractual services	68	-	73	141
Maintenance and operation	4	26	2,146	2,176
General	1,034	367	750	2,151
Materials and supplies	1	11	210	222
Claims/Insurance	14,572	9	47	14,628
Depreciation and amortization	-	-	572	572
Total operating expenses	<u>16,190</u>	<u>1,075</u>	<u>6,789</u>	<u>24,054</u>
Operating income (loss)	<u>(4,296)</u>	<u>436</u>	<u>1,578</u>	<u>(2,282)</u>
Non-operating revenues (expenses):				
Interest income	153	-	76	229
Other	1	-	(5)	(4)
Gain (loss) on retirement of capital assets	-	-	(4)	(4)
Interest expense and fiscal charges	<u>(72)</u>	<u>(6)</u>	<u>(41)</u>	<u>(119)</u>
Total non-operating revenue (expenses)	<u>82</u>	<u>(6)</u>	<u>26</u>	<u>102</u>
Change in net position	<u>(4,214)</u>	<u>430</u>	<u>1,604</u>	<u>(2,180)</u>
Total net position - beginning	<u>(21,739)</u>	<u>3,278</u>	<u>6,639</u>	<u>(11,822)</u>
Total net position - ending	<u>\$ (25,953)</u>	<u>\$ 3,708</u>	<u>\$ 8,243</u>	<u>\$ (14,002)</u>

City of Riverside  
Combining Statement of Cash Flows  
Internal Service Funds  
For the fiscal year ended June 30, 2014  
(amounts expressed in thousands)

	Self-Insurance Trust	Central Stores	Central Garage	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 11,902	\$ 2,322	\$ 8,361	\$ 22,585
Cash paid to employees for services	(487)	(631)	(2,745)	(3,863)
Cash paid to other suppliers of goods or services	(12,059)	(460)	(2,262)	(14,781)
Other receipts	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Net cash provided (used) by operating activities	<u>(643)</u>	<u>1,231</u>	<u>3,354</u>	<u>3,942</u>
Cash flows from noncapital financing activities:				
Receipts on interfund advances	3,692	-	1,674	5,366
Outflows on interfund advances	<u>(1,948)</u>	<u>(1,225)</u>	<u>(3,502)</u>	<u>(6,675)</u>
Net cash provided (used) by noncapital financing activities	<u>1,744</u>	<u>(1,225)</u>	<u>(1,828)</u>	<u>(1,309)</u>
Cash flows from capital and related financing activities:				
Interest paid on long-term obligation	(72)	(6)	(26)	(104)
Purchase of capital assets	<u>(5)</u>	<u>-</u>	<u>(3,711)</u>	<u>(3,716)</u>
Net cash (used) for capital and related financing activities	<u>(77)</u>	<u>(6)</u>	<u>(3,737)</u>	<u>(3,820)</u>
Cash flows from investing activities:				
Income from investments	<u>94</u>	<u>-</u>	<u>67</u>	<u>161</u>
	<u>94</u>	<u>-</u>	<u>67</u>	<u>161</u>
Net increase (decrease) in cash and cash equivalents	1,118	-	(2,144)	(1,026)
Cash and cash equivalents, beginning	<u>-</u>	<u>-</u>	<u>4,209</u>	<u>4,209</u>
Cash and cash equivalents, ending	<u>\$ 1,118</u>	<u>\$ -</u>	<u>\$ 2,065</u>	<u>\$ 3,183</u>

Continued

City of Riverside  
 Combining Statement of Cash Flows  
 Internal Service Funds  
 For the fiscal year ended June 30, 2014  
 (amounts expressed in thousands)

Continued

	<u>Self-Insurance Trust</u>	<u>Central Stores</u>	<u>Central Garage</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating (loss) income	\$ (4,296)	\$ 436	\$ 1,578	\$ (2,282)
Other receipts	1	-	-	1
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	-	-	572	572
Amortization of pension costs	9	9	43	61
(Increase) Decrease in account receivable	8	-	(11)	(3)
Decrease in inventory	-	811	61	872
Increase (Decrease) in accounts payable	23	(46)	908	885
Increase in other payable	13	21	125	159
Increase in accrued payroll	2	-	78	80
Increase in claims and judgments	3,597	-	-	3,597
Net cash (used) provided by operating activities	<u>\$ (643)</u>	<u>\$ 1,231</u>	<u>\$ 3,354</u>	<u>\$ 3,942</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, 2014**  
**(amounts expressed in thousands)**

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2014</b>
<b>Assets</b>				
Cash and investments	\$ 6,688	\$ 4,908	\$ 5,930	\$ 5,666
Cash and investments at fiscal agent	6,778	5,938	5,976	6,740
Interest receivable	33	212	219	26
Accounts receivable	24	-	24	-
Property taxes receivable	124	114	124	114
<b>Total assets</b>	<b>\$ 13,647</b>	<b>\$ 11,172</b>	<b>\$ 12,273</b>	<b>\$ 12,546</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 82	\$ 82	-
Held for bond holders	13,647	11,090	12,191	12,546
<b>Total liabilities</b>	<b>\$ 13,647</b>	<b>\$ 11,172</b>	<b>\$ 12,273</b>	<b>\$ 12,546</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, 2014**  
**(amounts expressed in thousands)**

Governmental funds capital assets:		
Land	\$	333,799
Buildings and improvements		180,653
Improvements other than buildings		299,345
Machinery and equipment		82,561
Infrastructure		934,614
Construction in progress		33,011
Total governmental funds capital assets	\$	<u>1,863,983</u>

Investments in governmental funds capital assets by source:		
Certificates of participation	\$	122,610
Gifts		322,300
Operating revenue		537,498
General obligation bonds		4,364
Revenue bonds		21,229
County contracts and grants		316
State grants		40,506
Asset forfeiture - state		994
Asset forfeiture - federal		2,870
Housing and community development grants		18,955
Other federal grants		35,248
Community facilities bonds		1,026
Assessment district bonds		397
Capital leases		10,825
RDA tax increment bonds		2,983
Capital projects funds		741,862
Total governmental funds capital assets	\$	<u>1,863,983</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>103</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>109</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>111</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									
	2005	2006	2007	2008	2009	2010	2011	2012 <sup>1</sup>	2013	2014
<b>Governmental activities</b>										
Net investment in capital assets	\$ 515,354	\$ 622,336	\$ 712,801	\$ 850,740	\$ 950,496	\$ 976,614	\$ 1,019,892	\$ 1,076,485	\$ 1,083,485	\$ 1,106,384
Restricted	154,957	158,038	107,982	102,677	98,903	108,932	80,820	86,325	80,712	96,587
Unrestricted	(46,419)	(51,261)	(34,245)	(31,429)	(41,861)	(80,947)	(90,159)	23,145	17,989	(2,049)
Total governmental activities net position	\$ 623,892	\$ 729,113	\$ 786,538	\$ 921,988	\$ 1,007,538	\$ 1,004,599	\$ 1,010,553	\$ 1,185,955	\$ 1,182,186	\$ 1,200,922
<b>Business-type activities</b>										
Net investment in capital assets	\$ 402,377	\$ 425,285	\$ 520,059	\$ 601,999	\$ 659,904	\$ 660,619	\$ 654,974	\$ 666,919	\$ 609,691	\$ 616,844
Restricted	54,540	71,386	57,613	43,341	38,621	59,863	56,397	54,923	69,068	68,507
Unrestricted	229,462	250,041	242,966	225,281	207,405	219,720	256,038	285,062	330,833	359,698
Total business-type activities net position	\$ 686,379	\$ 746,712	\$ 820,638	\$ 870,621	\$ 905,930	\$ 940,202	\$ 967,409	\$ 1,006,904	\$ 1,009,592	\$ 1,045,049
<b>Primary government</b>										
Net investment in capital assets	\$ 917,731	\$ 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
Restricted	209,497	229,424	165,595	146,018	137,524	168,795	137,217	141,248	149,780	165,094
Unrestricted	183,043	198,780	208,721	193,852	165,544	138,773	165,879	308,207	348,822	357,649
Total primary government net position	\$ 1,310,271	\$ 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

<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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$ 58,460	\$ 74,458	\$ 105,486	\$ 113,897	\$ 71,391	\$ 85,110	\$ 72,606	\$ 48,731	\$ 54,808	\$ 42,664
Public safety	110,969	120,470	114,312	122,783	142,353	137,338	139,364	148,605	147,652	149,555
Highways and streets	20,364	20,757	22,556	26,986	29,700	31,492	32,131	35,342	35,072	36,564
Culture and recreation	26,353	32,602	28,016	31,659	29,423	44,319	50,017	54,594	40,077	42,252
Interest on long-term debt	15,885	16,358	26,378	34,075	34,361	32,049	33,638	25,087	16,627	17,741
<b>Total governmental activities expenses</b>	<b>232,031</b>	<b>264,645</b>	<b>296,748</b>	<b>329,400</b>	<b>307,228</b>	<b>330,308</b>	<b>327,756</b>	<b>312,359</b>	<b>294,236</b>	<b>288,776</b>
Business-type activities:										
Electric	200,030	226,186	232,346	271,412	269,209	256,860	275,922	288,799	292,175	304,416
Water	36,709	39,486	42,108	47,570	53,931	55,402	56,390	56,715	58,768	60,030
Sewer	26,108	27,299	29,510	31,209	34,853	41,248	42,276	43,702	43,945	40,385
Refuse	12,841	14,546	16,490	18,430	18,425	20,527	20,046	19,979	20,581	20,831
Airport	1,185	1,004	1,201	1,418	1,734	2,206	2,320	2,646	2,029	1,662
Transportation	2,557	2,917	2,831	3,190	3,194	3,368	3,493	3,667	3,745	4,067
Public parking	824	2,701	3,762	4,093	5,095	4,024	4,401	4,984	5,051	4,610
<b>Total business-type activities expenses</b>	<b>280,254</b>	<b>314,139</b>	<b>328,248</b>	<b>377,322</b>	<b>386,441</b>	<b>383,635</b>	<b>404,848</b>	<b>420,492</b>	<b>426,294</b>	<b>436,001</b>
<b>Total primary government expenses</b>	<b>\$ 512,285</b>	<b>\$ 578,784</b>	<b>\$ 624,996</b>	<b>\$ 706,722</b>	<b>\$ 693,669</b>	<b>\$ 713,943</b>	<b>\$ 732,604</b>	<b>\$ 732,851</b>	<b>\$ 720,530</b>	<b>\$ 724,777</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 25,995	\$ 24,683	\$ 10,245	\$ 23,969	\$ 13,691	\$ 12,933	\$ 14,241	\$ 14,662	\$ 13,338	\$ 13,775
Public safety	6,982	5,845	12,410	9,924	8,414	8,177	8,075	7,837	7,793	7,444
Highways and streets	23,108	25,412	30,563	19,695	14,391	17,847	16,985	16,532	15,825	17,487
Culture and recreation	7,002	7,716	8,302	4,370	3,168	2,367	3,180	4,622	5,237	7,406
Operating grants and contributions	16,140	13,150	12,101	15,024	23,313	32,853	21,127	31,581	21,485	14,341
Capital grants and contributions	5,292	18,618	10,557	115,982	69,745	23,395	38,138	54,476	32,202	48,433
<b>Total governmental activities program revenues</b>	<b>84,519</b>	<b>95,424</b>	<b>84,178</b>	<b>188,964</b>	<b>132,722</b>	<b>97,572</b>	<b>101,746</b>	<b>129,710</b>	<b>95,880</b>	<b>108,886</b>
Business-type activities:										
Charges for services:										
Electric	252,322	259,572	278,888	305,299	314,164	309,910	313,703	333,029	347,933	344,037
Water	34,002	37,613	47,080	49,855	54,923	57,534	62,084	65,206	68,489	68,691
Sewer	21,967	21,510	24,057	22,525	23,247	27,342	32,769	37,747	43,772	46,162
Refuse	14,492	15,160	15,833	16,289	18,394	18,712	19,134	19,588	20,829	20,677
Airport	1,088	1,162	1,263	1,423	1,232	1,315	1,342	1,524	1,396	1,100
Transportation	200	238	302	313	336	328	344	352	344	413
Public parking	2,961	2,837	3,431	3,717	4,332	4,876	5,205	4,803	4,777	4,382
Operating grants and contributions	2,261	2,704	1,939	3,308	1,929	2,487	2,159	2,738	2,718	2,524
Capital grants and contributions	32,317	29,293	40,066	29,215	17,288	6,838	7,337	21,164	11,734	11,486
<b>Total business-type activities program revenues</b>	<b>361,610</b>	<b>370,089</b>	<b>412,859</b>	<b>431,944</b>	<b>435,845</b>	<b>429,342</b>	<b>444,077</b>	<b>486,151</b>	<b>501,992</b>	<b>499,472</b>
<b>Total primary government program revenues</b>	<b>\$ 446,129</b>	<b>\$ 465,513</b>	<b>\$ 497,037</b>	<b>\$ 620,908</b>	<b>\$ 568,567</b>	<b>\$ 526,914</b>	<b>\$ 545,823</b>	<b>\$ 615,861</b>	<b>\$ 597,872</b>	<b>\$ 608,358</b>

(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									
	2005	2006	2007	2008	2009	2010	2011	2012 <sup>1</sup>	2013 <sup>2</sup>	2014
<b>Net Revenues (Expense)</b>										
Governmental activities	\$ (147,512)	\$ (169,221)	\$ (212,570)	\$ (140,436)	\$ (174,506)	\$ (232,736)	\$ (226,010)	\$ (182,649)	\$ (198,356)	\$ (179,890)
Business-type activities	81,356	55,950	84,611	54,622	49,404	45,707	39,229	65,659	75,698	63,471
Total primary government net expense	\$ (66,156)	\$ (113,271)	\$ (127,959)	\$ (85,814)	\$ (125,102)	\$ (187,029)	\$ (186,781)	\$ (116,990)	\$ (122,658)	\$ (116,419)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Sales	\$ 53,348	\$ 57,522	\$ 55,666	\$ 50,526	\$ 41,882	\$ 39,645	\$ 44,157	\$ 47,701	\$ 50,222	\$ 55,096
Property	61,553	80,934	106,114	114,176	116,420	104,087	100,802	74,179	52,904	51,323
Utility users	22,133	23,502	25,384	26,267	25,964	25,975	26,691	27,320	28,206	28,092
Franchise	4,481	4,813	5,031	4,972	5,144	4,477	4,937	4,883	4,959	5,046
Transient occupancy	3,828	4,372	3,581	3,795	2,912	2,488	2,731	2,995	3,703	4,189
Intergovernmental, unrestricted	1,795	1,747	1,863	2,074	4,569	1,339	1,285	351	337	263
Unrestricted grants and contributions	15,220	39,653	29,743	-	-	-	-	-	-	-
Investment earnings	7,815	10,150	18,582	25,670	15,941	8,289	7,439	4,440	2,786	2,759
Miscellaneous	5,756	26,173	4,228	9,480	5,137	3,344	9,544	9,273	9,208	5,425
Transfers	14,918	25,576	31,171	32,326	42,087	40,153	34,378	40,679	42,262	46,433
Extraordinary items	-	-	-	-	-	-	-	149,617	-	-
Total governmental activities	190,847	274,442	281,363	269,286	260,056	229,797	231,964	361,438	194,587	198,626
Business-type activities:										
Investment income	7,548	11,259	16,988	22,756	23,402	21,271	17,548	11,405	4,744	8,005
Miscellaneous	7,362	18,700	3,498	4,931	4,590	7,447	4,808	3,110	5,767	10,414
Special item	(3,014)	-	-	-	-	-	-	-	-	-
Transfers	(14,918)	(25,576)	(31,171)	(32,326)	(42,087)	(40,153)	(34,378)	(40,679)	(42,262)	(46,433)
Extraordinary items	-	-	-	-	-	-	-	-	(41,259)	-
Total business-type activities	(3,022)	4,383	(10,685)	(4,639)	(14,095)	(11,435)	(12,022)	(26,164)	(73,010)	(28,014)
Total primary government	187,825	278,825	270,678	264,647	245,961	218,362	219,942	335,274	121,577	170,612
<b>Change in Net Position</b>										
Governmental activities	\$ 43,335	\$ 105,221	\$ 68,793	\$ 128,850	\$ 85,550	\$ (2,939)	\$ 5,954	\$ 178,789	\$ (3,769)	\$ 18,736
Business-type activities	78,334	60,333	73,926	49,983	35,309	34,272	27,207	39,495	2,688	35,457
Total primary government	\$ 121,669	\$ 165,554	\$ 142,719	\$ 178,833	\$ 120,859	\$ 31,333	\$ 33,161	\$ 218,284	\$ (1,081)	\$ 54,193

<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 Four Fiscal Years**  
**(modified accrual basis of accounting, in thousands)**

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues:</b>										
Taxes	\$ 142,056	\$ 170,638	\$ 191,131	\$ 200,438	\$ 192,322	\$ 177,255	\$ 179,318	\$ 156,593	\$ 139,994	\$ 143,748
Licenses and permits	14,389	16,351	12,984	10,027	7,368	6,899	7,657	9,292	10,173	9,244
Intergovernmental	42,568	55,178	47,934	79,423	86,873	60,550	61,082	66,618	50,734	59,348
Charges for services	11,299	11,538	11,914	11,325	9,099	9,570	10,720	11,774	12,062	15,734
Fines and forfeitures	2,006	2,098	2,778	4,573	6,213	7,512	8,928	6,293	6,234	7,283
Special assessments	6,272	6,247	6,170	5,245	5,431	5,464	6,014	6,276	6,669	6,272
Use of money and property	10,915	14,324	22,587	27,970	18,620	11,173	10,173	8,095	3,878	4,315
Miscellaneous	9,996	8,502	6,164	12,796	7,596	7,082	16,605	10,611	14,933	6,957
Total revenues	\$ 239,501	\$ 284,876	\$ 301,662	\$ 351,797	\$ 333,522	\$ 285,505	\$ 300,497	\$ 275,552	\$ 244,677	\$ 252,901
<b>Expenditures:</b>										
General government	\$ 21,800	\$ 25,193	\$ 39,093	\$ 26,177	\$ 25,995	\$ 23,835	\$ 26,090	\$ 18,835	\$ 15,713	\$ 13,558
Public safety	117,267	126,007	139,739	151,773	145,802	138,594	140,994	150,878	150,290	151,721
Highways and streets	11,695	11,281	19,722	25,209	18,452	14,987	14,587	16,651	16,294	16,944
Culture and recreation	28,939	31,017	31,039	30,622	26,859	40,373	44,345	57,538	45,356	34,275
Capital outlay	64,127	121,978	149,325	171,952	180,394	131,908	105,689	75,482	73,581	72,365
Debt Service:										
Principal	8,599	9,733	12,045	11,257	44,349	48,078	89,264	83,378	45,006	45,500
Interest	15,025	19,205	21,330	31,239	33,033	31,267	32,611	24,133	15,116	16,787
Debt issuance costs	1,538	-	2,551	697	259	231	174	169	581	843
Payment for advance refunding	-	-	-	-	-	-	-	-	3,521	-
Total expenditures	\$ 268,990	\$ 344,414	\$ 414,844	\$ 448,926	\$ 475,143	\$ 429,273	\$ 453,754	\$ 427,064	\$ 365,458	\$ 351,993
Excess of revenues over (under) expenditures	\$ (29,489)	\$ (59,538)	\$ (113,182)	\$ (97,129)	\$ (141,621)	\$ (143,768)	\$ (153,257)	\$ (151,512)	\$ (120,781)	\$ (99,092)

(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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Other financing sources (uses):</b>										
Transfers in	\$ 49,944	\$ 59,545	\$ 84,306	\$ 62,841	\$ 100,797	\$ 88,303	\$ 214,631	\$ 196,859	\$ 56,572	\$ 58,469
Transfers out	(35,026)	(33,969)	(53,135)	(30,515)	(58,710)	(48,150)	(180,280)	(156,305)	(14,178)	(15,369)
Issuance of long term debt	85,691	20,969	299,645	164,408	30,425	51,821	104,875	34,940	99,753	87,037
Capital lease financings	-	-	-	-	-	3,116	2,000	-	7,203	6,625
Sales of capital assets	6,230	1,281	541	8,931	(5,798)	529	(1,629)	156	82	931
Payments to refunded bond agent	(9,167)	-	-	(148,975)	-	-	-	-	(43,591)	-
Total other financing sources (uses)	97,672	47,826	331,357	56,690	66,714	95,619	139,597	75,650	105,841	137,693
Special item - pension contribution	(32,141)	-	-	-	-	-	-	-	-	-
<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	\$ 36,042	\$ (11,712)	\$ 218,175	\$ (40,439)	\$ (74,907)	\$ (48,149)	\$ (13,660)	\$ (182,842)	\$ (14,940)	\$ 38,601
Debt service as a percentage of noncapital expenditures	15.301%	13.777%	14.011%	16.947%	26.058%	23.211%	32.757%	32.507%	21.039%	21.803%
				(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>
2005	\$ 79,786	\$ 59,998	\$ 59,157	\$ 15,249	\$ 6,337	\$ 20,213	\$ 12,697	\$ 253,437
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

**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>
2005	53,348	61,553	22,133	4,481	1,795	143,310
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

<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**  
**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	
2005	15,540,982	951,211	(2,751,844)	13,740,349	1,775,655	158,148	(33,654)	1,900,149	0.266
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

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 8**  
**City of Riverside**  
**Direct and Overlapping Property Tax Rates**  
**(Rate per \$100 of Assessed Valuation)**  
**Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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>	0.234	0.220	0.155	0.185	0.291	0.326	0.334	0.363	0.409	0.462
City of Riverside Debt Service	0.011	0.009	0.008	0.006	0.007	0.006	0.006	0.006	0.006	0.007
Eastern Municipal Water Improvement District	0.023	0.010	0.009	0.008	-	-	-	-	-	-
Metropolitan Water District Original Area	0.006	0.005	0.005	0.005	0.004	0.004	0.004	0.004	0.004	0.004
Riverside City Community College Debt Service	0.018	0.018	0.018	0.013	0.013	0.012	0.015	0.017	0.017	0.018
Rubidoux Community Service Debt Service	0.003	-	-	-	-	-	-	-	-	-
<b>Total Direct &amp; Overlapping<sup>3</sup> Tax Rates</b>	<b>1.295</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>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>	0.011	0.009	0.009	0.006	0.007	0.006	0.006	0.006	0.006	0.007
<b>Redevelopment Rate<sup>5,7</sup></b>	1.006	1.005	1.005	1.005	1.004	1.004	1.004	1.004	-	-
<b>Total Direct Rate<sup>6</sup></b>	0.266	0.309	0.304	0.334	0.343	0.349	0.347	0.348	0.348	0.125

<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 the various intergovernmental overlapping debt.

<sup>2</sup> Includes: Alvard 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 2004/05 - 2013/14 Tax Rate Table.

**Table 9  
City of Riverside  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

(in thousands)

Property Owner	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Tyler Mall	\$ 194,241	1	0.8%	\$ 141,698	1	0.9%
La Sierra University	136,505	2	0.6%			
Riverside Healthcare System	110,756	3	0.5%	52,395	6	0.3%
Rohr Inc	108,703	4	0.5%	49,989	7	0.3%
Cole ID	93,330	5	0.4%			
State Street Bank & Trust Co of Calif	91,636	6	0.4%	101,260	2	0.6%
Vestar Riverside Plaza	84,860	7	0.4%			
Corona Pointe Apartments	77,450	8	0.3%			
7450 Northrop Drive Apartments	73,297	9	0.3%			
Canyon Springs Marketplace Corp	70,030	10	0.3%			
BRE Properties				91,589	3	0.6%
California State Teachers Retirement				55,391	4	0.4%
Charter Comm Entertainment II				54,931	5	0.4%
Bottling Group				49,168	8	0.3%
Press Enterprise Company				44,912	9	0.3%
Mission Grove Park Apartments				44,270	10	0.3%
Totals	<u>\$ 1,040,808</u>		<u>4.5%</u>	<u>\$ 685,603</u>		<u>4.4%</u>

Notes:

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

Source: Riverside County Assessor 2013/14 and 2004/05 Combined Tax Rolls

**Table 10**  
**City of Riverside**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

(in thousands)

Fiscal Year Ended June 30	Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	36,825	36,332	98.66%	493	36,825	100.00%
2006	52,532	51,815	98.64%	717	52,532	100.00%
2007	69,246	67,046	96.82%	2,200	69,246	100.00%
2008	83,996	82,345	98.03%	1,651	83,996	100.00%
2009	86,251	84,134	97.55%	2,117	86,251	100.00%
2010	77,228	74,491	96.46%	2,737	77,228	100.00%
2011	74,608	72,327	96.94%	2,281	74,608	100.00%
2012	41,020	40,340	98.34%	680	41,020	100.00%
2013	43,333	42,447	97.96%	886	43,333	100.00%
2014	45,138	44,684	98.99%	-	44,684	98.99%

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 11**  
**City of Riverside**  
**Electricity Sold by Type of Customer**  
**Last Ten Fiscal Years**

(in millions of kilowatt-hours)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Type of Customer:</b>										
Residential	675	696	748	734	733	701	666	688	726	700
Commercial	530	474	456	441	433	406	400	413	419	421
Industrial	707	810	924	960	946	906	912	969	1,003	997
Wholesale sales	470	287	295	357	137	44	7	2	14	4
Other	50	58	39	34	33	32	31	31	31	30
<b>Total</b>	<b>2,432</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>
Total direct rate										
Monthly Base Rate <sup>1</sup>	3.36	3.36	5.00	11.35	13.06	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 12**  
**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>2005</b>	0.11813	0.11321	0.08369	0.12768
<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

Source: Riverside Public Utilities, Finance Services

**Table 13**  
**City of Riverside**  
**Top 10 Electricity Customers**  
**Current Year and Nine Years Ago**

Electricity Customer	2014		2005	
	Electricity Charges	Percent of Total Electric Revenues	Electricity Charges	Percent of Total Electric Revenues
Local University	\$10,947,884	3.70%	N/A	N/A
Local Government	8,335,217	2.82%	N/A	N/A
Local Government	7,386,521	2.50%	N/A	N/A
Local School District	4,189,035	1.42%	N/A	N/A
Corporation	3,677,670	1.24%	N/A	N/A
Corporation	3,315,738	1.12%	N/A	N/A
Corporation	2,775,346	0.94%	N/A	N/A
Hospital	2,453,555	0.83%	N/A	N/A
Corporation	2,120,900	0.72%	N/A	N/A
Corporation	2,113,037	0.71%	N/A	N/A
	<u>\$47,314,903</u>	<u>16.00%</u>	<u>N/A</u>	<u>N/A</u>

Retail Sales Per Financial Statements \$295,803,687

N/A - not available

Source: Riverside Public Utilities, Finance Services

**Table 14**  
**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	Assessment Bonds	Pension Obligation Bonds	Certificates of Participation	Capital Leases	Notes/Loans Payable
2005	20,280	144,024	-	-	148,280	57,336	7,431	10,645
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	207,278	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

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			
2005	419,581	10,459	392	818,428	14.98%	2.91
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	1,499,091	22.01%	4.86
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

<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 19.

**Table 15**  
**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>
2005	20,280	148,280	57,336	144,024	369,920	2.69%	1,316
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	207,278	-	350,865	2.15%	1,137
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

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 16**  
**City of Riverside**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2014**

2013-14 Assessed Valuation:	\$ 22,864,558,235
Less Dissolved Redevelopment Agency Incremental Valuation:	<u>6,012,772,332</u>
Adjusted Assessed Valuation:	<u><u>\$ 16,851,785,903</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	\$ 1,322,750	1.059%	\$ 1,400,792
Riverside City Community College District	227,729,565	29.816	67,899,847
Alvord Unified School District	227,560,233	71.179	161,975,098
Riverside Unified School District	139,315,000	87.040	121,259,776
Corona-Norco Unified School District	260,100,000	0.001	2,601
Jurupa Unified School District	46,700,000	0.002	934
Moreno Valley Unified School District	36,708,522	11.159	4,096,304
Alvord Unified School District Community District No.2006-1	7,960,000	82.333	6,553,707
Riverside Unified School District Community Facilities Districts	89,052,000	89.479-100.	88,906,388
City of Riverside Community Facilities Districts	15,210,000	100.	15,210,000
City of Riverside 1915 Act Bonds	26,755,000	100.	<u>26,755,000</u>
Total overlapping debt repaid with property taxes			<u>\$ 494,060,447</u>

(continued)

**Table 16  
City of Riverside  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2014**

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

Riverside County General Fund Obligations	\$ 718,909,871	11.053%	\$ 79,461,108
Riverside County Pension Obligations	334,515,000	11.053	36,973,943
Riverside County Board of Education Certificates of Participation	2,700,000	11.053	298,431
Alvord Unified School District Certificates of Participation	2,027,061	71.179	1,442,842
Corona-Norco Unified School District Certificates of Participation	29,000,000	0.001	290
Jurupa Unified School District Certificates of Participation	6,450,000	0.002	129
Moreno Valley Unified School District Certificates of Participation	13,279,998	11.159	1,481,915
Riverside Unified School District General Fund Obligations	11,880,000	87.040	10,340,352
Total other overlapping debt			129,999,010
Less: Riverside County supported obligations			1,116,603
			<u>128,882,407</u>
Overlapping tax Increment debt			<u>262,192,206</u>
Total overlapping debt			885,135,060
City direct debt			<u>424,804,000</u>
Combined total direct and overlapping debt			<u>\$ 1,309,939,060</u>

(1) Debt balances are as of April 1, 2014 (most recent available) for other agency debt, and June 30, 2014 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 2013-14 Assessed Valuation:

Total debt repaid with property taxes.....	2.16%
City direct debt (\$424,804,000).....	1.86%
Combined total direct and overlapping debt.....	5.73%

Ratios to Dissolved Redevelopment Incremental Valuation (\$6,012,772,332):

Total overlapping tax Increment debt.....	4.36%
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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 17**  
**City of Riverside**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

(in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed valuation	\$13,740,349	\$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
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,435,087	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
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	515,263	548,031	614,836	673,128	684,113	631,522	614,887	612,856	615,589	631,942
Total net debt applicable to limit:	20,280	19,858	19,331	18,774	18,171	17,533	16,845	16,107	15,314	14,460
Legal debt margin	494,983	528,173	595,505	654,354	665,942	613,989	598,042	596,749	600,275	617,482
Total net debt applicable to the limit as a percentage of debt limit	3.9%	3.6%	3.1%	2.8%	2.7%	2.8%	2.7%	2.6%	2.5%	2.3%

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 18**  
**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	
2005	262,350	164,159	98,191	14,555	12,143	3.68	45,348	26,436	18,912	4,045	2,591	2.85
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

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

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 19**  
**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>
2004	281,192	5,462,823	19,427	6.1
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

Sources:

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

<sup>2</sup> Demographic Estimates for 2004-2009 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 20**  
**City of Riverside**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
County of Riverside	11,187	1	7.6%	N/A	N/A	N/A
University of California	7,218	2	4.9%	N/A	N/A	N/A
Riverside Unified School District	3,461	3	2.4%	N/A	N/A	N/A
Kaiser	3,156	4	2.1%	N/A	N/A	N/A
City of Riverside	2,476	5	1.7%	N/A	N/A	N/A
Riverside Community Hospital	1,880	6	1.3%	N/A	N/A	N/A
Riverside County Office of Education	1,765	7	1.2%	N/A	N/A	N/A
Alvord Unified School District	1,445	8	1.0%	N/A	N/A	N/A
Parkview Community Hospital	1,350	9	0.9%	N/A	N/A	N/A
Riverside Community College District	1,061	10	0.7%	N/A	N/A	N/A
Total	<u>34,999</u>		<u>23.8%</u>	<u>N/A</u>		<u>N/A</u>

N/A - not available

Source: City of Riverside, Finance Department

**Table 21**  
**City of Riverside**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2005</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</b>
General government	331.88	377.15	412.22	436.35	439.10	433.40	431.40	440.40	413.90	356.25
Public safety (sworn and non-sworn personnel)										
Police <sup>1</sup>	568.83	589.33	618.33	637.33	591.93	589.93	589.93	599.93	596.75	551.75
Fire	221.11	221.73	251.73	254.21	254.21	255.46	255.46	255.46	255.46	255.00
Highways and streets	281.35	262.35	286.35	318.35	369.65	349.50	348.11	357.11	362.11	333.48
Sanitation	48.49	59.49	60.29	64.29	58.60	59.00	56.00	56.00	57.00	59.00
Culture and recreation	300.92	311.45	324.26	339.52	340.71	328.07	328.07	341.22	351.48	269.98
Airport	6.00	6.00	7.00	7.00	7.00	7.00	9.50	9.50	9.50	6.00
Water	130.00	133.00	142.00	167.00	167.00	177.65	180.15	181.15	181.15	182.15
Electric	305.60	337.60	351.35	404.60	408.10	419.45	448.50	452.50	459.50	462.50
<b>Total</b>	<b>2,194.18</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>

<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 22**  
**City of Riverside**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Arrests	11,280	10,093	9,827	9,367	10,150	8,690	8,118	7,736	8,362	9,321
Fire										
Number of calls answered	26,505	26,696	27,458	27,429	26,397	26,484	27,322	27,637	29,988	30,668
Inspections	17,028	19,261	7,261	10,812	7,638	7,234	6,505	10,074	10,151	12,476
Public works:										
Street resurfacing (miles)	102.45	51.26	73.40	26.27	18.90	20.00	21.25	18.43	16.50	35.38
Parks and recreation										
Number of recreation classes	15,195	16,272	19,079	22,146	21,884	27,762	37,303	43,318	41,364	45,707
Number of facility rentals	27,074	27,483	32,980	35,076	36,822	34,565	42,638	43,288	43,358	46,432
Water										
Number of accounts	62,492	62,985	63,431	63,494	64,062	64,231	64,349	64,367	64,591	64,829
Annual consumption (ccf)	27,875,253	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
Electric										
Number of accounts	103,463	104,294	105,226	106,015	106,385	106,335	106,855	107,321	107,525	108,358
Annual consumption (kwh)	2,432	2,359	2,462	2,526	2,282	2,089	2,016	2,103	2,193	2,152
Sewer:										
New connections	9,621	16,717	15,423	16,412	18,765	16,971	17,746	18,166	17,607	17,274
Average daily sewage treatment (millions of gallons)	38.07	35.91	32.50	32.10	33.00	33.29	30.06	29.84	29.57	28.49

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

N/A - not available

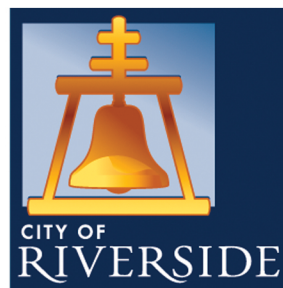
Source: City of Riverside, various departments

**Table 23**  
**City of Riverside**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2005	2006	2007 (1)	2008	2009	2010	2011	2012	2013	2014
<b>Function</b>										
<b>Public Safety</b>										
Police										
Stations	2	3	3	3	3	3	3	3	3	3
Substations	7	5	4	4	5	4	4	4	4	4
Helicopters	4	4	4	4	4	4	4	4	4	3
Fire										
Stations	13	13	14	14	14	14	14	14	14	14
Active apparatus	30	29	30	30	30	30	26	27	28	28
Reserve apparatus	5	6	6	6	7	7	9	9	11	11
Training facilities	1	1	1	1	1	1	1	1	1	1
<b>Highways and streets</b>										
Streets (miles)	836.00	845.35	852.04	864.68	866.89	867.96	868.39	868.70	868.89	871.19
Streetlights	28,581	28,847	29,028	29,312	29,675	29,757	29,868	29,933	29,949	29,968
Signalized intersections	322	353	358	363	365	362	362	365	365	367
<b>Culture and recreation</b>										
Parks acreage	2,534.00	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
Community centers	11	11	11	11	11	11	11	11	11	11
Playgrounds	26	27	38	38	41	41	41	41	43	44
Swimming pools	7	6	7	7	7	7	7	7	7	7
Softball & baseball diamonds	35	33	44	44	44	44	49	51	54	54
Library branches	5	6	6	6	7	7	8	8	8	8
Museum exhibit-fixed	8	7	13	8	6	5	8	5	3	3
Museum exhibit-special	1	-	2	5	2	2	2	1	4	4
<b>Water</b>										
Fire hydrants	6,926	7,127	7,187	7,381	7,523	7,593	7,632	7,682	7,726	7,754
<b>Sewer</b>										
Sanitary sewers (miles)	765	775	785	794	794	820	823	829	829	829
<b>Electric</b>										
Miles of overhead distribution system	531.0	527.0	528.0	523.5	522.0	519.0	517.0	515.0	513.0	513.0
Miles of underground system	622.0	663.0	704.0	741.6	769.0	782.0	791.0	804.0	810.0	814.0

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*

**3900 Main Street  
Riverside, CA 92522**

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