

# **ANNUAL DISCLOSURE REPORT**

**YEAR ENDING JUNE 30, 2018**

## **City of Riverside**

**\$30,000,000 2005 Series A Pension Obligation Bonds**

**DATED JUNE 21, 2005**

**CUSIP NUMBERS: 769036AA2 through 769036AL8**

Prepared by  
City of Riverside

Edward Enriquez  
Chief Financial Officer/Treasurer  
Finance Department  
951-826-5660

January 25, 2019

CITY OF RIVERSIDE  
CONTINUING DISCLOSURE REPORT –  
2005 PENSION OBLIGATION BONDS SERIES A  
FISCAL YEAR ENDED JUNE 30, 2018

SECTION 4 - CONTINUING DISCLOSURE CERTIFICATE - Contents of Annual Report.

- (a) Included by reference is the City of Riverside Comprehensive Annual Financial Report (CAFR), which includes the audited financial statements of the City of Riverside for the prior fiscal year, prepared in accordance with generally accepted accounting principles for the year ending June 30, 2018. The City's CAFR was submitted on 1/25/19 to the MSRB Central Repository at <https://emma.msrb.org/Security/Details/A36FDBFE91DBD0AE109E8EE3FBB75590A>
- (b) The following required information per the Continuing Disclosure Certificate for the 2005A POB Bonds can be found within the City's FY 2018 CAFR at the listed locations:

Certificate Reference	Description	CAFR Location
4(b)(i)	Information updating Table 2 – “City of Riverside General Fund Balance Sheet.”	Pg 94
4(b)(ii)	Information updating Table 3 – “City of Riverside Statement of General Fund Revenues, Expenditures and Balances.”	Pg 95
4(b)(iii)	Information updating Table 4 – “City of Riverside General Fund Budget.” (Current Fiscal Year Final Budget to Actual)	Pg 25
4(b)(vi)	Information updating Table 11 – “City of Riverside Gross Assessed Value of All Taxable Property.”	Pg 108

4(b)(iv) is presented on page 3 of this report in Table 5 – Most Recently Adopted Budget (General Fund Combined) Fiscal Year 2018/19

4(b)(v) is presented on page 4 of this report in Table 6 – General Fund Reserves

Section 4(c) of the Continuing Disclosure Certificate requests information on Long Term Obligations incurred in addition to those listed in the Official Statement since the issuance of the bonds in June 2005. These additional obligations are listed in the City's CAFR beginning on page 46 under Certificates of Participation – Governmental Activities, Lease Revenue Bonds – Governmental Activities, Loans Payable – Governmental Activities, and Capital Leases on page 50.

CITY OF RIVERSIDE  
CONTINUING DISCLOSURE REPORT –  
2005 PENSION OBLIGATION BONDS SERIES A  
FISCAL YEAR ENDED JUNE 30, 2018

**Updated Table 5**  
**Most Recently Adopted Budget**  
**Fiscal Year 2018/19 / As of 6/12/2018**

<b>Revenues:</b>	<b>General Fund</b>	<b>Measure Z Fund</b>	<b>Total General Fund Budget</b>
Taxes	170,899,296	54,540,000	225,439,296
Transfers From Other Funds	61,427,623	-	61,427,623
Intergovernmental	1,856,184	-	1,856,184
Charges for Services	17,392,068	-	17,392,068
Miscellaneous Revenues	6,308,191	-	6,308,191
Licenses and Permits	10,188,247	-	10,188,247
Fines and Forfeitures	1,808,500	-	1,808,500
Proceeds from VLF Financing <sup>(1)</sup>	-	-	-
<i>Total Revenues</i>	<u>269,880,109</u>	<u>54,540,000</u>	<u>324,420,109</u>
<b>Expenditures:</b>			
Police	109,078,873	9,411,413	118,490,286
Fire	58,966,532	6,452,584	65,419,116
Parks, Recreation & Community Services <sup>(2)</sup>	22,287,738	50,000	22,337,738
Non-Departmental <sup>(3)</sup>	8,482,581	-	8,482,581
Public Works	16,001,901	1,000,000	17,001,901
Finance	6,964,829	5,905,054	12,869,883
Innovation and Technology <sup>(4)</sup>	12,941,134	1,145,446	14,086,580
Planning/Community Development <sup>(5)</sup>	15,901,287	2,000,000	17,901,287
Museum	2,038,461	-	2,038,461
Library <sup>(6)</sup>	7,794,408	-	7,794,408
City Management Services <sup>(7)</sup>	-	-	-
Mayor	867,707	-	867,707
City Council	1,297,829	-	1,297,829
City Manager	5,466,017	273,669	5,739,686
City Clerk	1,514,925	-	1,514,925
City Attorney's Office	5,776,523	257,082	6,033,605
Allocated Expenditures <sup>(8)</sup>	(24,451,051)	-	(24,451,051)
Human Resources	3,273,503	134,938	3,408,441
General Services	4,638,017	405,194	5,043,211
Transfers	9,992,937	22,068,177	32,061,114
Estimated Management Savings <sup>(9)</sup>	-	-	-
<i>Total Expenditures</i>	<u>268,834,151</u>	<u>49,103,557</u>	<u>317,937,708</u>
Revenues Less Expenditures	1,045,958	5,436,443	6,482,401
Reserves <sup>(10)</sup>	<u>59,043,427</u>	<u>-</u>	<u>59,043,427</u>
Total Revenues Less Expenditures	\$60,089,385	\$5,436,443	\$65,525,828

(1) Proceeds from Vehicle Licensing Financing is no longer a City revenue source. This is not to be confused with Vehicle Licensing Fees, which are classified as an intergovernmental revenue.

(2) Parks and Recreation Department is now called Parks, Recreation and Community Services.

(3) Non-Departmental includes activities that serve other departments such as City Hall building maintenance and occupancy costs, employee parking and General Fund operating transfers.

(4) Information Systems is now called Innovation and Technology Department.

**CITY OF RIVERSIDE  
CONTINUING DISCLOSURE REPORT –  
2005 PENSION OBLIGATION BONDS SERIES A  
FISCAL YEAR ENDED JUNE 30, 2018**

- (5) In FY 2006/07 the Planning Department was merged with the Department of Community Development.  
 (6) The Library Department is included in the General Fund and is no longer in the Library Fund –Fund 210.  
 (7) City Management Services consist of five departments which are Mayor, City Council, City Manager, City Clerk, and City Attorney.  
 (8) Part of non-departmental expenditures. Includes allocated charges which are typically used to allocate administrative service costs to departments that receive the benefit of services provided by General Fund departments. The budget will show as a negative (contra) expenditure, offsetting the department's operating cost.  
 (9) For FY 2018/19 there are no estimated management savings.  
 (10) Reserves represent the projected General Fund Reserve year-end balance for FY 2018/19.

**Updated Table 6**  
**City of Riverside General Fund Reserves**  
**(As of June 30)**  
**13 Years**

<u>Fiscal Year</u>	<u>(000's Omitted) Ending Fund Balance</u>	<u>Percent Change</u>
2006	\$46,626	-16.2%
2007	\$46,239	-0.8%
2008	\$44,671	-3.4%
2009	\$39,921	-10.6%
2010	\$44,062	10.4%
2011 <sup>(1)</sup>	\$40,369	-8.4%
2012	\$40,014	-0.9%
2013	\$39,463	-1.4%
2014	\$38,439	-2.6%
2015	\$40,090	4.3%
2016	\$33,250	-17.1%
2017	\$45,277	36.2%
2018 <sup>(2)</sup>	\$63,391	40.0%

- (1) The presentation of fund balance changed from that originally reported in the Official Statement due to the implementation of GASB Statement 54, effective June 30, 2011. Available reserve balance is now the sum of unassigned fund balance plus nonspendable commitments already accounted for from a budget perspective, and an adjustment of interfund advances payable.  
 (2) Available reserve balance calculated for FY 2018 includes the sum of unassigned fund balance plus nonspendable commitments already accounted for from a budget perspective, and an adjustment of fund balance committed for economic contingency.

CITY OF RIVERSIDE  
CONTINUING DISCLOSURE REPORT –  
2005 PENSION OBLIGATION BONDS SERIES A  
FISCAL YEAR ENDED JUNE 30, 2018  
CONTINUING DISCLOSURE CERTIFICATE - SECTION 5 - Reporting of Significant Events

There has been no occurrence of the following significant events with respect to the City of Riverside 2005 Pension Obligation Bonds, except as previously disclosed and described below:

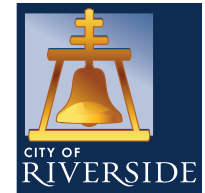
1. Principal and interest delinquencies.
2. Non-payment related defaults.
3. Modifications to rights of Holders of Bonds.
4. Optional, contingent or unscheduled Bond calls.
5. Defeasances.
6. Rating changes.

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

On January 17, 2018 Moody's decreased the rating of the Bond Insurer, National Public Finance Guarantee Corp. (NPFGC), from "A3" to "Baa2".

7. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
8. Unscheduled draws on the debt service reserves reflecting financial difficulties.
9. Unscheduled draws on the credit enhancements reflecting financial difficulties.
10. Substitution of the credit or liquidity providers or their failure to perform.
11. Release, substitution or sale of property securing repayment of the bonds.

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



YEAR ENDED JUNE 30, 2018



RIVERSIDE, CALIFORNIA

**CITY OF RIVERSIDE, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

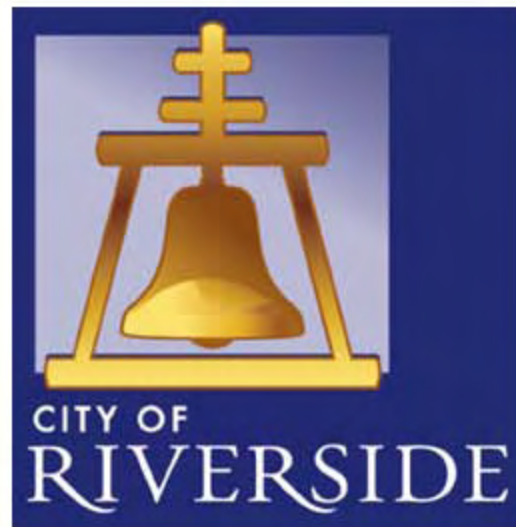
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**Prepared by the Finance Department**  
**Edward Enriquez, Interim Chief Financial Officer/Treasurer**

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

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**CITY OF RIVERSIDE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2018**

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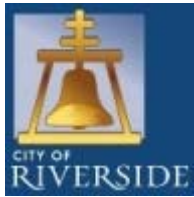
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October 31, 2018

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, 2018.

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 rational 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, 2018. 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 the 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/grants. These reports are available in the City's separately issued Single Audit Report.

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

## Profile of the City of Riverside

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

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

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

The biennial budget serves as the foundation for the City's financial planning and control. Consistent with the City's Charter, the City Manager presents the proposed budget to the City Council for review at least thirty-five calendar days prior to the beginning of the 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 25 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 77.

**Local economy:** The City is located in Inland Southern California, which consists of Riverside and San Bernardino Counties (the "MSA"). The population of Inland Southern California, at approximately 4.2 million, is larger than 24 states. The City leads the Inland Southern California 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 325,860 which places it as the 12<sup>th</sup> largest in California. The Inland Empire—consisting of Riverside and San Bernardino Counties—has rebounded strongly from the trough of the Great Recession in terms of employment, income, and population growth. Gains in population have been due in part to the ongoing quest for affordable housing—the Inland Empire is one of the most affordable regions in the state. From July 2017 to July 2018, nonfarm employment in the Inland Empire increased 3.4%, outpacing California as a whole by 1.4 percentage points.

For a region that was among the hardest hit by the recession and the mortgage market meltdown of the past decade, this is welcome news. The Inland Empire has sustained a faster pace of nonfarm employment growth than the state since April 2012 and the region's unemployment rate will finish the year at around the 4% mark. Nearly every local industry has added jobs over the past year and employee wages are on the rise.

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:** In February 2015, Council approved the Riverside 2.0 Strategic Plan, which established new City Council Strategic Goals that aligned with the four pillars of "Seizing our Destiny". After more than a year of working towards Riverside 2.0 goals, the plan was re-examined and updated to remove goals that were accomplished, revise existing goals to better reflect priorities, and add goals consistent with new priorities. The new Riverside 2.1 strategic goals reflected seven areas of strategic priority along with five effective government principles. Through various strategic planning workshops the City Council identified the following seven strategic priorities for the City:

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

As a result of the development of the seven strategic priorities, the Riverside 2.1 Strategic Plan was formed to implement the vision. The purpose of the Riverside 2.1 Strategic Plan is to advance the City of Riverside's mission statement: *The City of Riverside is committed to providing high quality municipal services to ensure safe, inclusive, and livable community.* Additionally, the Riverside 2.1 Strategic Plan is intended to advance *Seizing Our Destiny* which is Riverside's community-driven campaign that builds on the city's existing strengths to create an even better place to live, work and play for future generations. The Seizing Our Destiny Campaign was developed by City officials and civic leaders and encompasses a 20-year strategic vision that mobilizes the skills and resources of a broad cross-section of Riverside toward one common goal – a better community for us all. The goal, or Vision, has four primary aspects for Riverside:

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

Riverside 2.1 also includes five effective government principles that are reinforced through management's actions:

- **Accountability**
- **Transparency**
- **Responsiveness**
- **Financial Prudence**
- **Decisiveness**

The City provides the City Council with quarterly updates until the goals of the Strategic Plan have been fully implemented which is anticipated to be in several years. Visit the City's Strategic Performance Reports website to view the most current performance measure update.

**Long-term financial planning:** For the fiscal year (FY) 2018-19 and 2019-20 Budget Cycle, the City's second two-year budget in the context of a five-year financial plan was presented. It is a process designed to bring continued transparency to the City's finances, operations and strategic goals both internally with employees and departments, and externally with the residents and businesses. For the second time, the City's budget included a comprehensive Five-Year Capital Improvement Program (CIP) document as a separate section which serves as a framework for policy decisions on the two-year budget as well as in the future. Among other things, the five-year plan allows the City to illustrate fiscal impacts of budget decisions on the General Fund Reserves through June 30, 2023.

The CIP provides funding for the City's critical and essential infrastructure projects in the amount of \$82 million for Fiscal Year (FY) 2018/19 and an additional \$73 million for FY 2019/20. Over the course of five years (FY 2018/19 through FY 2022/23), the City anticipates investing a total of \$408 million in our essential assets.

The CIP responds to the needs of our residents to ensure the streets, public buildings, sewer, water, and electric infrastructure, and parks are well maintained and operated for optimum health and safety, added value, increased efficiency and functionality, enhanced attractiveness and beautification, and compliance to legal mandates. The CIP document places equal emphasis on planning for new projects as well as improving and preserving existing capital assets.

The City's CIP document includes a list of Unfunded CIP Projects. This is an attempt to identify and quantify the City's true CIP needs - not only in the short term, but also in the long term. Although the list is comprehensive and reflects a good assessment of the City's needs, it is by no means a complete list as more work needs to be done in the coming years to refine this list, create guidelines to prioritize projects, and prepare a strategic approach to fund and complete these unfunded projects.

**Measure Z:** Measure Z is a one-cent transaction and use tax, with revenues going directly to the City of Riverside. The collection of an additional one-cent sales tax authorized by voters through Measure Z began on April 1, 2017. After hearing recommended Measure Z spending options from City staff and the Budget Engagement Commission, on May 16, 2017, the City Council approved a five-year Measure Z Spending Plan for 33 initiatives covering public safety, financial discipline/responsibility, critical operating needs, facility capital needs, quality of life, and technology. For the purposes of this Measure Z Five-Year Financial Plan, the tenets of the original spending plan have been carried through two additional years, FY 2020/22 and FY 2022/23. The one-cent increase in sales tax is

estimated to generate between \$48 million and \$52 million annually specifically for the City of Riverside's General Fund, which pays for most services.

**General Fund Restructuring:** As part of the City's Mid-Cycle Budget Update, staff analyzed all General Fund activity and determined that restructuring of the General Fund for fiscal year 2017-2018 was required in order to provide for greater transparency between true General Fund activity and other financial activity that has historically been in the General Fund. New funds have been established for Civic Entertainment and Special Districts. While the majority of these items are self-supported by specific revenues, certain operations will require a General Fund operating transfer to ensure expenditures are supported by revenues. These changes reduce the size of the General Fund by approximately \$19.1 million, from \$275.7 million based on projections to \$256.6 million.

Also, in order to ensure continued transparency, debt related Pension Obligation Bonds were allocated to the appropriate funds to properly reflect their proportional share of the obligation; the result of which eliminated previously recorded Advances in the General Fund. In addition, debt service related expenditures, previously recorded directly in the General Fund, are now reflected with all other General Fund debt in the Debt Service Fund. The General Fund's proportional share of the debt service expenditures, are now reflected as a transfer to the Debt Service Fund.

Lastly, in an effort to continually improve our financial transparency, staff will continue to review and restructure the General Fund in fiscal year 2018-2019 by creating a separate Grants Fund; by their very nature, grants are self-supporting activities. Additionally, we will allocate any remaining non-General Fund debt to the appropriate funds to properly reflect their proportional share of the obligations.

**Financial policies:** Fiscal policies establish framework for managing the City's financial resources and safeguarding the City's assets in compliance with relevant regulatory mandates, industry standards, and best practices. Maintaining healthy reserves in the General Fund, and other Funds as well, is a critical component of the City's sound financial management practices.

In February 2018, the City adopted a Long-Term Financial Planning Policy to assist City leaders (elected officials and City management) in making prudent and informed financial decisions regarding economic development, tax policy and labor negotiations. Credit rating agencies encourage long-term financial planning, and generally favor government entities with such plans when assigning bond ratings.

The policy requires the City to adopt long-term financial plans spanning at least five years for all major City funds (e.g., General, Electric, Water, Sewer, etc.) in conjunction with the biennial (two-year) budget. The long-term financial plan should incorporate the following elements as relevant and appropriate:

- An analysis of economic and demographic data at the national, state and local level;
- Past revenue and expenditure trends;
- Forecast assumptions;
- Forecasts of major revenues and expenditures based on known data, documented assumptions, and input from subject matter experts, and various internal and external stakeholders; and
- Compliance with existing City fiscal policies.



The City's key budgetary themes include financial accuracy, financial responsibility/discipline, maintaining essential services/infrastructure, and ensuring a transparent/participatory budget process. This CIP document builds on the City's recent financial successes, by incorporating best practices offered by the Government Finance Officers Association (GFOA) and the California Society of Municipal Financial Officers (CSMFO). Based on recommendations developed by the City Manager's Office and Finance Department, the City Council adopted two new policies to establish the framework for future capital budgets. The first policy, Multi-Year Capital Planning, establishes guidelines that help the City identify and prioritize expected capital needs based on strategic priorities and operational needs, establish project scope and cost, detail estimated amounts of funding from various sources, and project future operating and maintenance costs. The second policy, Prioritization of CIP, establishes an objective process of prioritizing capital improvement projects to ensure consistency with the General Plan, in conjunction with the biennial budget process, or otherwise as capital funding becomes available.

The City's General Fund Reserve Policy, adopted by the City Council on September 6, 2016, requires maintaining the General Fund reserve at 15%. The City Council set an aspiration goal of the General Fund Reserve at 20%; this goal was recently reaffirmed through adoption of the "Responsible Spending Vision Pledge" on October 4, 2016.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Program) to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the twenty-ninth consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized CAFR that satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. This award is valid for a period of one year only. We believe that our current CAFR continues to meet the Program's requirements and we are submitting it to the GFOA again this year.

The Government Finance Officers Association (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2017. This was the first time the City prepared such a report and is humbled by the award. This is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. The Award is for a period of one year only. The City will continue to participate in the program.

Budget Presentation Award: The City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2017. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department and oversight from the City Manager's Office. 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 Budget Engagement Commission and 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,

A handwritten signature in blue ink, appearing to read 'E. Enriquez', with a long, sweeping horizontal line extending to the right.

Edward Enriquez  
Interim Chief Financial Officer/City 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, 2017**

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, 2017.

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

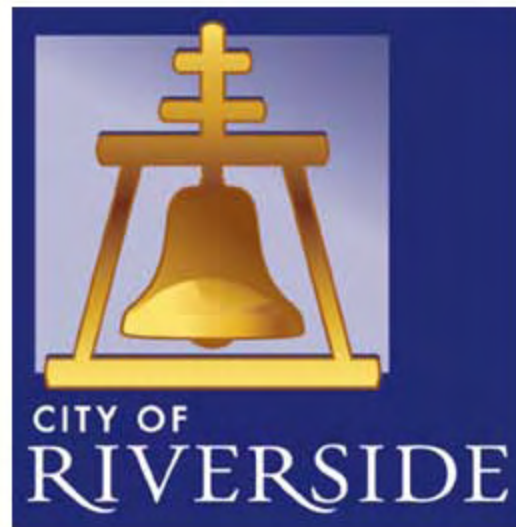
Rusty Bailey ..... Mayor  
Mike Gardner ..... Councilmember – Ward 1  
Andy Melendrez ..... Councilmember – Ward 2  
Mike Soubiros ..... Councilmember – Ward 3  
Chuck Conder ..... Councilmember – Ward 4  
Chris Mac Arthur ..... Councilmember – Ward 5  
Jim Perry ..... Councilmember – Ward 6  
Steve Adams ..... Councilmember – Ward 7

## CITY OFFICIALS

Al Zelinka ..... City Manager\*  
Rafael Guzman ..... Assistant City Manager  
Lea Deesing ..... Assistant City Manager

Colleen J. Nicol ..... City Clerk\*  
Gary Geuss ..... City Attorney\*  
Sergio G. Diaz ..... Chief of Police  
George Khalil ..... Chief Innovation Officer  
David Welch ..... Interim Community & Economic Development Director  
Edward Enriquez ..... Interim Chief Financial Officer/Treasurer  
Michael Moore ..... Fire Chief  
Kris Martinez ..... Public Works Director  
Stephanie Holloman ..... Human Resources Director  
Erin Christmas ..... Library Director  
Robyn Peterson ..... Museum & Cultural Affairs Director  
Adolfo Cruz ..... Parks, Recreation & Community Svcs. Director  
Todd Jorgenson ..... Interim General Manager - Public Utilities  
Carl Carey ..... General Services Director

\*Appointed by City Council





## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Riverside, California (the City), as of and for the year ended June 30, 2018, 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.

### ***Auditors' 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Notes 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pension*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 -18, pension schedule of changes in net pension liability and related ratios during the measurement period on page 69, pension schedule of plan contributions on page 70, and schedule of changes in total OPEB liability and related ratios on page 71, 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 combining and individual fund statements and schedules and other information, such as the introductory and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund 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 fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018 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 solely 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 the effectiveness of the City's 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  
October 31, 2018



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

As management of the City, we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2018. 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 (0,000).

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

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

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

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

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

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

The government-wide financial statements include the activities of the City and three blended component units, which consist of the Riverside Housing Authority, Riverside Public Financing Authority, and the Riverside Municipal Improvements Corporation. Although legally separate, these entities function for all practical purposes as departments of the City and therefore have been blended as part of the primary government. The Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) is also included as a fiduciary component unit since it would be misleading to exclude the Successor Agency due to the nature and significance of the relationship between the City and the Successor Agency. The activity of the Successor Agency is reported with the City's fiduciary

funds, which is not included in the government-wide statements since the resources of those funds are *not* available to support the City's own programs.

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

The government-wide financial statements can be found on pages 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 fourteen 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 twelve 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 73-79 in this report.

The City adopted an annual appropriated budget for its General Fund for the Year ended June 30, 2018. 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, Civic Entertainment, Refuse, Public Parking, Airport and Transportation services. *Internal service* funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for self-insured insurance programs, central stores and its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Internal service funds are presented as proprietary funds because both enterprise and internal service funds follow the accrual basis of accounting.

Proprietary funds provide the same type of information as the government-wide financial statements (*business-type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water and Sewer operations, all of which are considered to be major funds of the City. The five 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 81-90 in this report.

The basic proprietary fund financial statements can be found on pages 26-30 of this report.

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

The fiduciary fund financial statements can be found on page 31-32 of this report, and the combining statement for the agency fund can be found on page 92.

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

(Amounts presented in Thousands)

	Governmental Activities		Business type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 284,312	\$ 267,671	\$ 698,172	\$ 709,575	\$ 982,484	\$ 977,246
Capital assets, net	1,305,799	1,356,278	1,914,775	1,834,007	3,220,574	3,190,285
Total assets	1,590,111	1,623,949	2,612,947	2,543,582	4,203,058	4,167,531
Deferred Outflows of Resources	139,335	178,732	84,789	103,067	224,124	281,799
Current liabilities	54,472	64,559	125,417	138,896	179,889	203,455
Long-term liabilities	817,358	828,551	1,462,028	1,418,369	2,279,386	2,246,920
Total liabilities	871,830	893,110	1,587,445	1,557,265	2,459,275	2,450,375
Deferred Inflows of Resources	16,037	64,455	30,204	47,854	46,241	112,309
Net position:						
Net investment in capital assets	1,093,896	1,102,409	800,227	702,844	1,894,123	1,805,253
Restricted	112,183	104,853	80,717	93,570	192,900	198,423
Unrestricted	(364,500)	(362,146)	199,143	245,116	(165,357)	(117,030)
Total net position	\$ 841,579	\$ 845,116	\$ 1,080,087	\$ 1,041,530	\$ 1,921,666	\$ 1,886,646

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,921,666 at June 30, 2018, an increase of \$35,020 from June 30, 2017.

By far the largest portion of the City's net position of 99% reflects its investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure), net of any related debt that is still outstanding used to acquire those assets and net of unspent bond proceeds and cash held in bond reserve accounts. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

An additional portion of the City's net position 10% 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, \$199,143 is held by the business-type activities and \$(364,500) net deficit is held by the governmental activities.

Unrestricted net position in the amount of \$(165,357), a net position decrease of 41% from prior year, is the change in resources available to fund City programs to citizens and debt obligations to creditors. The negative unrestricted net position is primarily the result of the reporting of the City's net pension liability in accordance with an accounting standard issued by the Government Accounting Standards

Board (GASB) that relates to pension activity; Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27."

Governmental activities decreased the City's net position by \$(3,537) to \$841,579 for the year ended June 30, 2018. The primary result of this decrease is due to a prior period adjustment of (\$1,001) related to the reporting of the other-post employment benefits liability in accordance with an accounting standard issued by the GASB that relates to other post-employment benefits; Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions."

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, 2018 with the prior fiscal year presented for comparative purposes. Also included in the following analysis are revenue and expense graphs to aid in understanding the results of the current year's activities.

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(Amount presented in Thousands)

	Governmental Activities		Business type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charge for services	\$ 38,117	\$ 57,340	\$ 544,164	\$ 517,941	\$ 582,281	\$ 575,281
Operating Grants and Contributions	22,548	19,374	3,374	3,751	25,922	23,125
Capital Grants and Contributions	18,039	7,617	26,957	24,151	44,996	31,768
General Revenues:						
Sales taxes	120,338	75,883	-	-	120,338	75,883
Property taxes	63,515	59,526	-	-	63,515	59,526
Other taxes and fees	39,263	39,539	-	-	39,263	39,539
Investment income	5,187	6,145	3,939	2,650	9,126	8,795
Other	4,450	2,050	12,901	14,662	17,351	16,712
Total Revenues	311,457	267,474	591,335	563,155	902,792	830,629
Expenses:						
General government	45,360	45,110	-	-	45,360	45,110
Public safety	216,772	160,665	-	-	216,772	160,665
Highways and streets	42,544	38,585	-	-	42,544	38,585
Culture and recreation	38,362	48,806	-	-	38,362	48,806
Interest on long-term debt	12,414	16,028	-	-	12,414	16,028
Electric	-	-	333,061	317,335	333,061	317,335
Water	-	-	68,281	62,189	68,281	62,189
Sewer	-	-	54,136	38,305	54,136	38,305
Civic Entertainment	-	-	19,995	-	19,995	-
Airport	-	-	2,179	1,998	2,179	1,998
Refuse	-	-	22,082	21,953	22,082	21,953
Transportation	-	-	4,782	4,221	4,782	4,221
Public parking	-	-	6,186	5,448	6,186	5,448
Total expenses	355,452	309,194	510,702	451,449	866,154	760,643
Increase (decrease) in net position	(43,995)	(41,720)	80,633	111,706	36,638	69,986
Transfers, net	41,459	45,716	(41,459)	(45,716)	-	-
Total changes in net position	(2,536)	3,996	39,174	65,990	36,638	69,986
Net position - beginning, as previously stated	845,116	825,679	1,041,530	975,540	1,886,646	1,801,219
Prior period adjustment	(1,001)	-	(617)	-	(1,618)	-
Net position - beginning, as restated	844,115	841,120	1,040,913	975,540	1,885,028	1,816,660
Net position - ending	\$ 841,579	\$ 845,116	\$ 1,080,087	\$ 1,041,530	\$ 1,921,666	\$ 1,886,646

**Governmental activities.** Total net position for governmental activities decreased by \$(2,536) before the prior period adjustment while prior fiscal year increased by \$3,996. 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 \$44.0 million or 16%, which is largely attributable to a significant increase in sales tax due to Measure Z. As the result of Measure Z, a one cent sales tax initiative that was approved by voters in November 2016, the City experienced a significant increase in sales tax revenue of \$44.0 million of which \$43.6 million is directly related to the passing and implementation of Measure Z.
- The City experienced decreases in charges for services of \$19,223 from prior year, which was largely attributed to the establishment of the Civic Entertainment Fund related activities, which reported charges for services for the year ended June 30, 2018 of \$16,393.

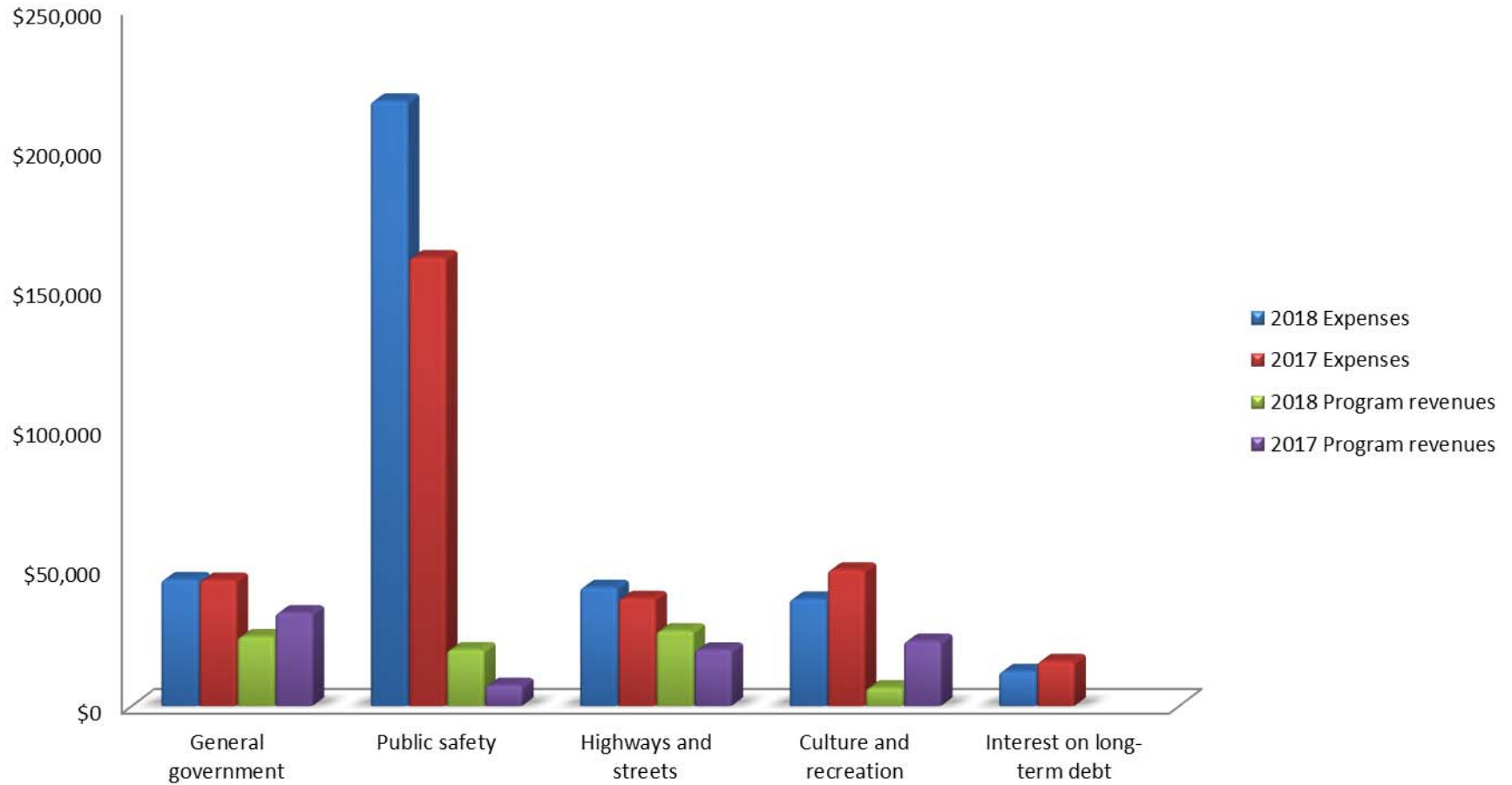
**Expenses:**

- While variances between years exist for the various expense functions, the total net increase was approximately \$46.3 million or 13%. This is primarily related to an increase of approximately \$39 million in pension expense related to the annual recording of the City's pension liability; \$29.3 million of the pension expense was related to public safety. The increase in Public safety was also a factor due to funding from Measure Z sales tax for additional safety needs. Increases in other expense categories were minimal and in line with anticipated results.

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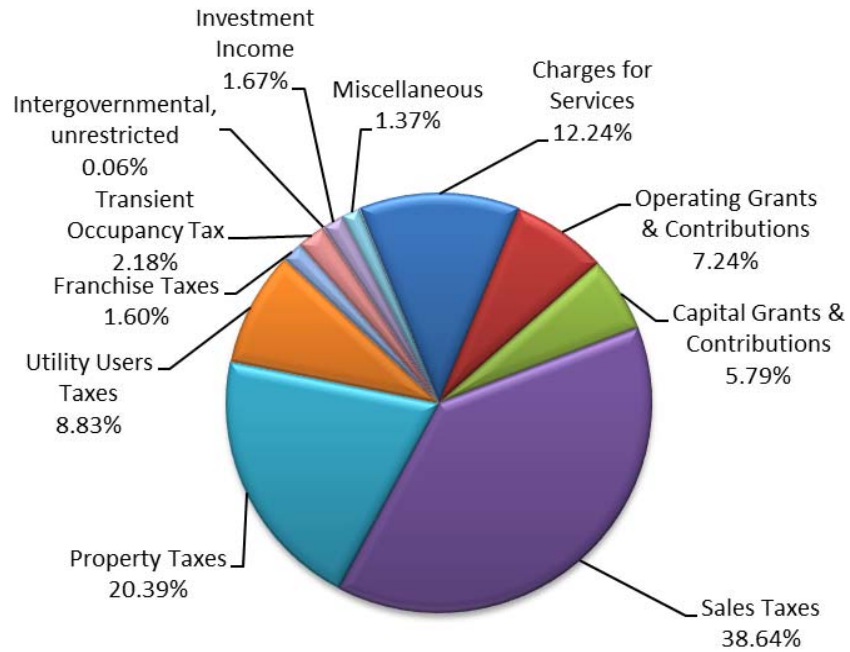


## Program Revenues and Expenses – Governmental Activities – Fiscal Year Comparison 2018 vs. 2017

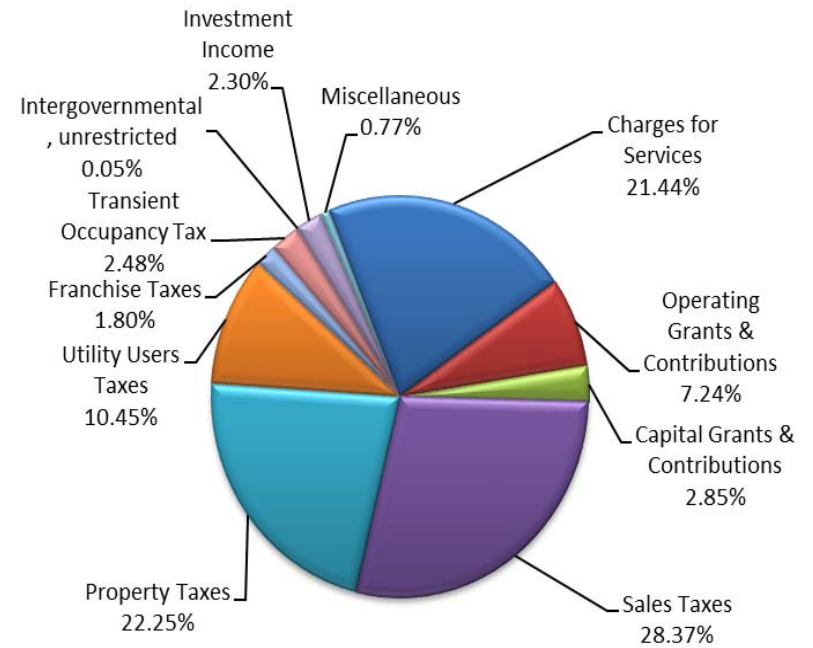


## Revenues by Source – Governmental Activities – Fiscal Year Comparison 2017 vs. 2016

**2018**



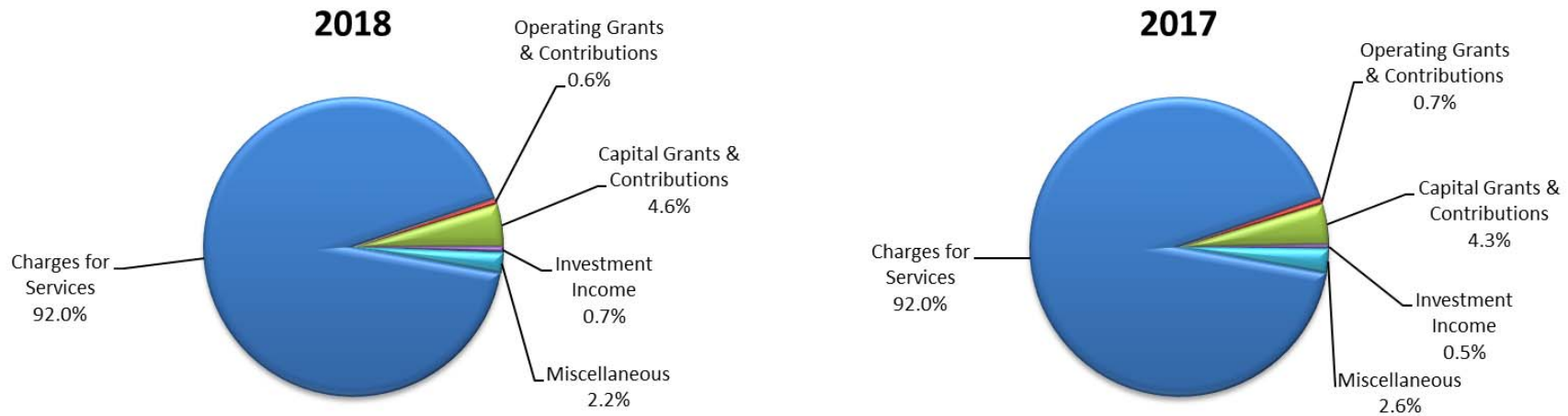
**2017**



**Business-type activities.** Total net position for business-type activities increased by \$39,174 before the prior period adjustment while prior fiscal year increased by \$65,990. Key elements of this year's activity in relation to the prior year are as follows:

- Charges for services increased by \$26,223 or 5%. The majority of the increase in charges for services was largely attributed to the establishment of the Civic Entertainment Fund related activities, which reported charges for services for the year ended June 30, 2018 of \$16,393. The Water Utility and Sewer Utility also had increases of \$4,201 and \$5,346 respectively.
- Overall expenses increased by \$59,253 or 13%. A large part of the increase in overall expenses is due to the establishment of the Civic Entertainment Fund related activities which reported expenses of \$18,736. The Electric, Water and Sewer Funds had increased expenses of \$16,937, \$6,320 and \$7,479 respectively.

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



## Financial Analysis of the City's Funds

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

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

(Amounts presented in Thousands)

	General Fund		Capital Outlay Fund		Other Governmental Funds		Total Governmental Funds	
	2018	2017	2018	2017	2018	2017	2018	2017
Total assets	<u>\$ 127,266</u>	<u>\$ 125,798</u>	<u>\$ 27,688</u>	<u>\$ 23,681</u>	<u>\$ 103,808</u>	<u>\$ 100,635</u>	<u>\$ 258,762</u>	<u>\$ 250,114</u>
Total liabilities	<u>\$ 32,957</u>	<u>\$ 36,536</u>	<u>\$ 1,159</u>	<u>\$ 2,559</u>	<u>\$ 9,346</u>	<u>\$ 10,440</u>	<u>\$ 43,462</u>	<u>\$ 49,535</u>
Deferred inflows of resources								
Unavailable revenue	<u>4,685</u>	<u>6,192</u>	<u>81</u>	<u>3,176</u>	<u>38,769</u>	<u>37,688</u>	<u>43,535</u>	<u>47,056</u>
Fund balances								
Nonspendable	1,947	26,168	-	-	4,855	1,601	6,802	27,769
Restricted	2,991	2,651	26,448	17,946	50,838	50,930	80,277	71,527
Committed	53,800	-	-	-	-	-	53,800	-
Assigned	23,242	14,968	-	-	-	-	23,242	14,968
Unassigned	<u>7,644</u>	<u>39,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24)</u>	<u>7,644</u>	<u>39,259</u>
Total fund balance	<u>89,624</u>	<u>83,070</u>	<u>26,448</u>	<u>17,946</u>	<u>55,693</u>	<u>52,507</u>	<u>171,765</u>	<u>153,523</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 127,266</u>	<u>\$ 125,798</u>	<u>\$ 27,688</u>	<u>\$ 23,681</u>	<u>\$ 103,808</u>	<u>\$ 100,635</u>	<u>\$ 258,762</u>	<u>\$ 250,114</u>

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$171,765 an increase of \$18,242 compared to the prior year. Additionally, 4% of the fund balance \$6,802 is *nonspendable*, which comprises the portion of fund balance that cannot be spent due to form. \$80,277 or 47% 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. *Committed* fund balance of \$53,800 or 31% of the fund balance was set aside for economic contingencies which is 20% of the 2018-2019 General Fund adopted expenditure budget of \$269,000. \$23,242 or 14% 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 \$7,644 or 4% is *unassigned*, meaning it is available for spending at the City's discretion. The City's governmental funds reported combined total assets of

\$258,762 at June 30, 2018, an increase of \$8,648 compared to the prior year. Liabilities and deferred inflows of resources amounted to \$86,997, a decrease of \$9,594.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled \$89,624 in comparison to \$59,974 in the prior year, as restated. The increase in fund balance is due to the increased sales tax revenues from Measure Z and the cost saving efforts by departments during the current year. The portion of fund balance classified as unassigned was \$7,644 and \$53,800 classified as committed for future economic contingencies.

**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 \$189,276, \$5,349, and \$46,821 respectively. The unrestricted net position for the Electric, Water and Sewer Funds in the prior year was \$207,042, \$27,550, and \$18,614, respectively. The decrease in unrestricted net position of the Electric Fund was primarily attributable to the payment on bond defeasance and funding of capital projects. The decrease in unrestricted net position of the Water Fund was the result of the use of unrestricted cash and cash equivalents to fund capital projects. The increase in unrestricted net position for the Sewer Fund is primarily a result of operating activities as described below.

Electric Fund operating results experienced a decrease in charges for services of \$1,550. Retail sales (residential, commercial, industrial, and other sales) represent 84.1% of total revenues. Retail sales, net of reserve/recovery were \$305,969 and \$308,781 for years ended June 30, 2018 and 2017, respectively. The decrease in charges for services was due to a slight decrease in consumption and a decrease in proceeds from the sale of renewable energy credits and settlement recoveries, offset by an increase in regulatory transactions and transmission revenues. Operating expenses increased \$16,937 or 5.80%, due to an increase in pension expense, power supply costs, transmission access charges from the California Independent System Operator (ISO) and general operating expenses.

The Water Fund reported higher operating results, with retail sales higher than the previous year's results by \$3,620. Retail sales (residential, commercial, industrial, and other sales) represent 87.3% of total revenues. Retail sales, net of reserve/recovery were \$58,216 and \$54,596 for the years ended June 30, 2018 and 2017, respectively. The increase in retail sales was primarily due to the lifting of drought restrictions. Overall expenses were higher which primarily relates to pension expense as a result of pension accounting standards. In addition, there was an increase in production costs resulting from higher consumption and general operating expenses.

Net position of the Sewer Fund increased by \$12,740 and \$25,436 for the years ended June 30, 2018 and 2017, respectively. Operating revenues increased by \$5,346 or 8.9% primarily as a result of an annual rate increase of 8.5% and increased consumption. Depreciation and amortization expense increased by \$5,897 and interest expense and fiscal charges increased by \$8,352. These changes are due to the completion of sewer capital projects and their current year depreciation.

## General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Total Revenues	226,480	267,833	271,316	\$3,483
Expenditures:				
General Government	17,209	31,831	15,635	16,196
Public Safety	176,797	191,684	184,608	7,076
Highways & Streets	19,056	21,079	18,643	2,436
Culture & Recreation	44,330	33,071	29,136	3,935
Capital Outlay	227	6,017	2,646	3,371
Debt Service	195	-	14	(14)
Total Expenditures	257,814	283,682	250,682	33,000
Excess (deficiency) of revenues over (under) expenditures	(31,334)	(15,849)	20,634	36,483
Other financing sources	34,244	21,271	9,016	(12,255)
Net change in fund balances	2,910	5,422	29,650	24,228
Fund balance - beginning, as previously stated	83,070	83,070	83,070	0
Prior period adjustment	(23,096)	(23,096)	(23,096)	0
Fund balance - ending	62,884	65,396	89,624	\$24,228

The primary reason for final budgeted revenues and expenditures increasing from the Original Budget was due to the Measure Z budget adopted during the mid-year budget cycle; therefore Measure Z budget was only included in the Final Budget.

Actual amounts differed from the final fund budget are as follows:

Actual expenditures were less than final budgeted amounts by approximately \$33.0 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) as well as the cost saving efforts by City Departments.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for governmental and business-type activities as of June 30, 2018 amounted to \$3,220,574 (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 \$30,289 (a decrease of \$50,479 for governmental activities and an increase of \$80,768 for business-type activities).

Major capital improvements during the current fiscal year included: new infrastructure consisting primarily of roads of \$13 million; sewer mains and tertiary treatment plant of \$16 million; \$23 million in Water Utility upgrades primarily related to system expansion and improvements, and continued pipeline replacement programs; and \$42 million in Electric Utility capital improvements primarily related to improvements to the Electric system in the form of substations, transformers, neighborhood streetlights and distribution line extensions and replacements to serve customers.

Construction in progress totaled \$171,473 at June 30, 2018 an increase of \$46,229 or 36.9%. The increase in construction in progress is primarily related to the Riverside Transmission Reliability Project (RTRP) and related reliability improvements to the Utility's 230 KV Transmission Substation and Switchgear upgrade for Springs Substation. Depreciation expense during the fiscal year was \$47,939 for governmental activities and \$66,632 for business-type activities.

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

(Amount presented in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$343,022	\$343,918	\$94,900	\$80,246	\$437,922	\$424,164
Construction in progress	68,894	44,310	102,579	80,934	171,473	125,244
Buildings	110,802	115,087	466,259	471,137	577,061	586,224
Improvements other than Buildings	146,343	197,482	1,177,665	1,123,191	1,324,008	1,320,673
Machinery and equipment	23,170	22,971	33,888	37,080	57,058	60,051
Intangibles	87	131	39,484	41,419	39,571	41,550
Infrastructure	613,481	632,379	-	-	613,481	632,379
Total	\$1,305,799	\$1,356,278	\$1,914,775	\$1,834,007	\$3,220,574	\$3,190,285

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



**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$1,614,823 which includes bonded debt of \$1,416,505.

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

(Amounts presented in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$10,388	\$11,513	\$ -	\$ -	\$10,388	\$11,513
Pension Obligation Bonds	60,883	92,592	18,324	-	79,207	92,592
Certificates of Participation	150,800	156,516	-	-	150,800	156,516
Lease Revenue Bonds	36,246	37,854	-	-	36,246	37,854
Revenue Bonds	-	-	1,139,864	1,180,345	1,139,864	1,180,345
Loans Payable	1,746	41,325	-	-	1,746	41,325
Notes Payable	-	-	78,583	35,255	78,583	35,255
Capital Leases	25,647	17,193	6,821	6,209	32,468	23,402
Landfill Capping	-	-	4,770	5,390	4,770	5,390
Water Acquisition Rights	-	-	938	938	938	938
Compensated Absences	24,985	22,790	8,596	8,279	33,581	31,069
Claims liability	46,232	44,945	-	-	46,232	44,945
Total	<u>\$356,927</u>	<u>\$424,728</u>	<u>\$1,257,896</u>	<u>\$1,236,416</u>	<u>\$1,614,823</u>	<u>\$1,661,144</u>

The City's total debt decreased by \$46,321 or 2.87% during the current fiscal year. The net decrease is primarily related to principal obligation payments on bonded debt.

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 \$747,624 at June 30, 2018, which applies only to general obligation debt. At June 30, 2018, the City had \$10,388 of general obligation debt, resulting in available legal debt capacity of \$737,236.

Additional information on the City's long-term debt can be found in note 6 beginning on page 45 of this report.

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

- ☐ Unemployment in the City of Riverside is 4.4% as compared to 5.0% for the prior year.
- ☐ The largest impact to the City's long-term financial stability relates to pension costs from CalPERS. Over the next five years, the City's total CalPERS expenditures will increase 45% from \$74.5M in FY 2018-19 to approximately \$108.3M in FY 2022-23.

The cost increases are mainly due to investment losses by CalPERS during the Great Recession, which impacted all of the California agencies' retirement plans managed by CalPERS. Additional factors causing cost increases, which impact all or many agencies include:

- Retroactive retirement benefit enhancements for City employees between 2001 and 2006.
- Long-term investment returns not meeting expectations (e.g. 8.8% over the last five years, 4.4% over the last 10 years, and 6.6% over the last 20 years).
- Increased contributions resulting from the CalPERS anticipated return-on-investment rate over the past 15 years, which was decreased from 8.25% to 7%.
- CalPERS expects retirees to live longer.

CalPERS began to collect employer contributions toward the plan's unfunded liability as dollar amounts instead of prior method of a contribution rate combined with the normal cost rate effective July 1, 2017. As a result, the following lists the two required contribution components per plan for FY 2018/19:

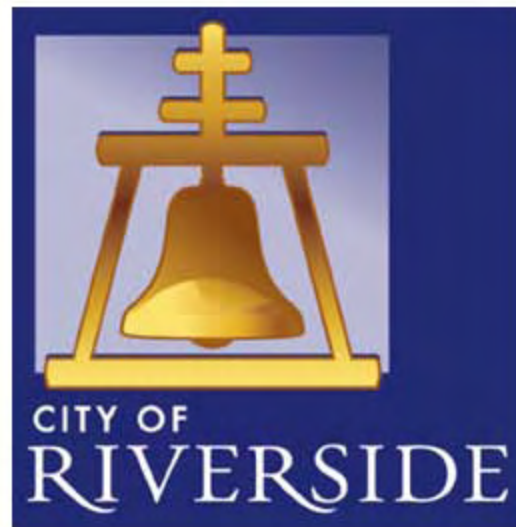
- Miscellaneous Plan – 12.314%. Unfunded Liability Payment of \$18,743
- Safety Plan – 20.436%. Unfunded Liability Payment of \$15,061

At the time of the two-year budget preparation for the fiscal year 2018-19 and 2019-20 budget cycle, the economic outlook for the City was considered to be stable. However, there are significant challenges in the next five years due to pension costs as outlined above. The City will continue to implement operational efficiencies, where possible, to minimize costs and impact to service levels as CalPERS costs increase.

The General Fund Budget for fiscal year 2018/19 of approximately \$269 million was adopted. It represents an increase from the prior year of approximately .75%. Expenditure growth is expected to outpace revenue growth due to the rising costs of PERS.

## **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, 2018  
(amounts expressed in thousands)

	Governmental	Business-type	
Assets	Activities	Activities	Total
Cash and investments	\$ 166,980	\$ 405,930	\$ 572,910
Receivables, net	92,012	55,714	147,726
Inventory	6,284	2,842	9,126
Prepaid items	2,362	33,473	35,835
Deposits	-	1,586	1,586
Internal balances	(4,203)	4,203	-
Restricted assets:			
Cash and cash equivalents	-	58,928	58,928
Cash and investments at fiscal agent	14,278	121,850	136,128
Other	-	990	990
Advances to Successor Agency Trust Fund	3,327	4,227	7,554
Land and improvements held for resale	3,272	-	3,272
Regulatory assets	-	8,130	8,130
Derivative instruments	-	299	299
Land and other capital assets not being depreciated	411,916	218,971	630,887
Capital assets (net of accumulated depreciation)	893,883	1,695,804	2,589,687
Total assets	1,590,111	2,612,947	4,203,058
<b>Deferred Outflows of Resources</b>			
Changes in derivative values	10,286	12,561	22,847
Charge on refunding	3,894	15,160	19,054
Pension contributions, changes in assumptions and differences in experience	125,155	52,644	177,799
Hillwood note payable	-	4,424	4,424
Total deferred outflows of resources	139,335	84,789	224,124
<b>Liabilities</b>			
Accounts payable and other current liabilities	29,066	20,474	49,540
Accrued interest payable	2,416	14,331	16,747
Unearned revenue	455	1,397	1,852
Deposits	8,558	7,789	16,347
Regulatory liability	-	28	28
Derivative instruments	13,977	20,821	34,798
Decommissioning liability	-	60,577	60,577
Noncurrent liabilities:			
Due within one year	48,894	51,694	100,588
Due in more than one year	308,033	1,206,202	1,514,235
Net OPEB liability	20,579	16,207	36,786
Net pension liability	439,852	187,925	627,777
Total liabilities	871,830	1,587,445	2,459,275
<b>Deferred Inflows of Resources</b>			
Regulatory charges	-	17,199	17,199
Changes in derivative values	-	289	289
Pension contributions, changes in assumptions and differences in experience	15,133	12,161	27,294
OPEB contributions, changes in assumptions and differences in experience	904	555	1,459
Total deferred inflows of resources	16,037	30,204	46,241
<b>Net Position</b>			
Net investment in capital assets	1,093,896	800,227	1,894,123
Restricted for:			
Expendable:			
Capital projects	30,215	-	30,215
Debt service	2,720	44,019	46,739
Economic development	18,192	-	18,192
Landfill capping	-	1,118	1,118
Public works	17,039	-	17,039
Housing	42,519	-	42,519
Programs and regulatory requirements	-	35,580	35,580
Nonexpendable	1,498	-	1,498
Unrestricted	(364,500)	199,143	(165,357)
Total net position	\$ 841,579	\$ 1,080,087	\$ 1,921,666

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

City of Riverside  
Statement of Activities  
For the fiscal year ended June 30, 2018  
(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	\$ 45,360	\$ (17,652)	\$ 24,605	\$ 6	\$ 257	\$ (2,840)	\$ -	\$ (2,840)
Public safety	216,772	9,158	1,880	14,127	4,220	(205,703)	-	(205,703)
Highways and streets	42,544	4,686	5,554	8,054	13,410	(20,212)	-	(20,212)
Culture and recreation	38,362	3,808	6,078	361	152	(35,579)	-	(35,579)
Interest on long-term debt	12,414	-	-	-	-	(12,414)	-	(12,414)
Total governmental activities	355,452	-	38,117	22,548	18,039	(276,748)	-	(276,748)
Business type activities:								
Electric	333,061	-	364,516	-	20,182	-	51,637	51,637
Water	68,281	-	66,828	-	4,181	-	2,728	2,728
Sewer	54,136	-	65,081	-	32	-	10,977	10,977
Civic Entertainment	19,995	-	16,393	-	875	-	(2,727)	(2,727)
Airport	2,179	-	1,562	-	841	-	224	224
Refuse	22,082	-	23,085	-	-	-	1,003	1,003
Transportation	4,782	-	441	3,374	846	-	(121)	(121)
Public parking	6,186	-	6,258	-	-	-	72	72
Total business type activities	510,702	-	544,164	3,374	26,957	-	63,793	63,793
Total	\$ 866,154	-	\$ 582,281	\$ 25,922	\$ 44,996	\$ (276,748)	\$ 63,793	\$ (212,955)
General revenues:								
Taxes:								
Sales						120,338	-	120,338
Property						63,515	-	63,515
Utility users						27,498	-	27,498
Franchise						4,972	-	4,972
Transient occupancy tax						6,793	-	6,793
Intergovernmental, unrestricted						172	-	172
Investment income						5,187	3,939	9,126
Miscellaneous						4,278	12,901	17,179
Subtotal						232,753	16,840	249,593
Transfers, net						41,459	(41,459)	-
Total general revenues and transfers						274,212	(24,619)	249,593
Change in net position						(2,536)	39,174	36,638
Net position - beginning, as previously stated						845,116	1,041,530	1,886,646
Prior period adjustment						(1,001)	(617)	(1,618)
Net position - beginning, as restated						844,115	1,040,913	1,885,028
Net position - ending						\$ 841,579	\$ 1,080,087	\$ 1,921,666

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

**City of Riverside**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**  
 (amounts expressed in thousands)

<b>Assets</b>	<b>General Fund</b>	<b>Capital Outlay Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and investments	\$ 84,142	\$ 18,643	\$ 40,411	\$ 143,196
Cash and investments at fiscal agent	18	2	14,258	14,278
Receivables (net of allowance for uncollectibles)				
Interest	193	82	154	429
Property taxes	3,876	-	213	4,089
Sales tax	23,854	-	-	23,854
Utility billed	1,226	-	-	1,226
Accounts	5,642	1,608	66	7,316
Intergovernmental	5,325	7,353	3,783	16,461
Notes	10	-	38,084	38,094
Prepaid items	1,947	-	415	2,362
Due from other funds	858	-	-	858
Advances to Successor Agency Trust Fund	-	-	3,327	3,327
Land & improvements held for resale	175	-	3,097	3,272
Total assets	<u>\$ 127,266</u>	<u>\$ 27,688</u>	<u>\$ 103,808</u>	<u>\$ 258,762</u>
<b>Liabilities</b>				
Accounts payable	\$ 7,463	\$ 986	\$ 2,126	\$ 10,575
Accrued payroll	16,442	-	5	16,447
Retainage payable	13	48	516	577
Intergovernmental	151	-	6	157
Unearned revenue	330	125	-	455
Deposits	8,558	-	-	8,558
Due to other funds	-	-	633	633
Advances from other funds	-	-	6,060	6,060
Total liabilities	<u>32,957</u>	<u>1,159</u>	<u>9,346</u>	<u>43,462</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	4,685	81	38,769	43,535
Total deferred inflows of resources	<u>4,685</u>	<u>81</u>	<u>38,769</u>	<u>43,535</u>
<b>Fund Balances</b>				
Nonspendable:				
Inventories, prepaids and deposits	1,947	-	30	1,977
Advances	-	-	3,327	3,327
Permanent fund principal	-	-	1,498	1,498
Restricted for:				
Housing and redevelopment	175	-	18,827	19,002
Debt service	2,037	-	11,509	13,546
Transportation and public works	-	26,448	17,051	43,499
Other purposes	779	-	3,451	4,230
Committed for:				
Economic contingency	53,800	-	-	53,800
Assigned to:				
General government	2,634	-	-	2,634
Public safety	1,959	-	-	1,959
Highways and streets	2,164	-	-	2,164
Culture and recreation	620	-	-	620
Continuing projects	15,865	-	-	15,865
Unassigned	7,644	-	-	7,644
Total fund balances	<u>89,624</u>	<u>26,448</u>	<u>55,693</u>	<u>171,765</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 127,266</u>	<u>\$ 27,688</u>	<u>\$ 103,808</u>	<u>\$ 258,762</u>

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

**City of Riverside**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2018**  
**(amounts expressed in thousands)**

Total fund balances - governmental funds \$ 171,765

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. 1,298,494

Deferred refunding charges are not available resources and, therefore, are not reported in the funds. 3,894

Deferred amounts on pensions related to contributions after the measurement date 122,805

Deferred amounts on pensions related to the net difference between projected and actual earnings on pension plan investments (14,638)

Deferred amounts on OPEB related to the net difference between projected and actual earnings on pension plan investments (868)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 43,535

Accrued interest payable for the current portion of interest due on various debt issues has not been reported in the governmental funds. (2,416)

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

Bonds	\$ (105,097)	
Certificates of participation	(149,705)	
Capital leases	(25,647)	
Loan payable	(1,746)	
Bond premiums	(2,766)	
Net OPEB liability	(19,629)	
Net pension liability	(431,488)	
Compensated absences	(24,553)	
		(760,631)

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	\$ (13,977)	
Deferred amount related to the hedgeable portion of the derivative instrument	10,286	
		(3,691)

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. (16,670)

Net position of governmental activities \$841,579

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

**City of Riverside**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2018**  
**(amounts expressed in thousands)**

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 223,116	\$ -	\$ -	\$ 223,116
Licenses and permits	10,015	-	2,427	12,442
Intergovernmental	10,513	11,989	19,952	42,454
Charges for services	17,438	-	-	17,438
Fines and forfeitures	3,699	-	18	3,717
Special assessments	402	504	6,207	7,113
Rental and investment income	2,318	112	1,016	3,446
Miscellaneous	3,815	2,883	2,018	8,716
Total revenues	271,316	15,488	31,638	318,442
<b>Expenditures</b>				
Current:				
General government	15,635	-	5,500	21,135
Public safety	184,608	-	6,308	190,916
Highways and streets	18,643	-	564	19,207
Culture and recreation	29,136	-	246	29,382
Capital outlay	2,646	10,299	20,559	33,504
Debt service:				
Principal	-	-	21,904	21,904
Interest	-	-	12,746	12,746
Bond issuance costs	14	-	10	24
Total expenditures	250,682	10,299	67,837	328,818
Excess (deficiency) of revenues over (under) expenditures	20,634	5,189	(36,199)	(10,376)
<b>Other financing sources (uses)</b>				
Transfers in	59,332	6,312	37,130	102,774
Transfers out	(50,738)	(3,004)	(12,279)	(66,021)
Issuance of long-term debt	-	-	14,500	14,500
Proceeds from the sale of capital assets	422	5	34	461
Total other financing sources (uses)	9,016	3,313	39,385	51,714
Net change in fund balances	29,650	8,502	3,186	41,338
Fund balances - beginning, as previously stated	83,070	17,946	52,507	153,523
Prior period adjustment	(23,096)	-	-	(23,096)
Fund balances - ending	\$ 89,624	\$ 26,448	\$ 55,693	\$ 171,765

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



**City of Riverside**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the fiscal year ended June 30, 2018**  
**(amounts expressed in thousands)**

Net change in fund balances - total governmental funds \$ 41,338

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. In the current year, depreciation exceeded capital asset additions, as listed below:

Capital asset additions	\$ 40,035	
Depreciation expense	<u>(46,848)</u>	(6,813)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	(1,699)
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The net effect of transferring assets and liabilities for the establishment of the Civic Entertainment Fund	(294)
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Revenues related to prior years that are available in the current fiscal year are reported as revenue in the governmental funds. In contrast, revenues that are earned but unavailable in the current year are deferred in the governmental funds. For government-wide reporting, revenue is recognized when earned, regardless of availability. The amount reflects the timing differences for revenue recognition.	(3,521)
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The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds immediately report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is listed below:

Principal repayments	\$ 21,904	
Net pension liability	(38,869)	
Net OPEB liability	(1,013)	
Compensated absences	(2,199)	
Interest	849	
Issuance of long-term debt	<u>(14,500)</u>	(33,828)

Internal service funds are used by management to charge the costs of insurance, centralized purchasing and fleet management to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	<u>2,281</u>
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Change in net position of governmental activities	<u><u>\$ (2,536)</u></u>
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The notes to basic financial statements are an integral part of this statement.

**City of Riverside**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the fiscal year ended June 30, 2018**  
**(amounts expressed in thousands)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 174,538	\$ 219,992	\$ 223,116	\$ 3,124
Licenses and permits	10,500	10,454	10,015	(439)
Intergovernmental	1,525	10,971	10,513	(458)
Charges for services	26,923	16,440	17,438	998
Fines and forfeitures	1,745	1,414	3,699	2,285
Special assessments	4,494	495	402	(93)
Rental and investment income	4,172	4,208	2,318	(1,890)
Miscellaneous	2,583	3,859	3,815	(44)
Total revenues	<u>226,480</u>	<u>267,833</u>	<u>271,316</u>	<u>3,483</u>
<b>Expenditures</b>				
Current:				
General government	17,209	31,831	15,635	16,196
Public safety	176,797	191,684	184,608	7,076
Highways and streets	19,056	21,079	18,643	2,436
Culture and recreation	44,330	33,071	29,136	3,935
Capital outlay	227	6,017	2,646	3,371
Debt service:				
Bond issuance costs	195	-	14	(14)
Total expenditures	<u>257,814</u>	<u>283,682</u>	<u>250,682</u>	<u>33,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,334)</u>	<u>(15,849)</u>	<u>20,634</u>	<u>36,483</u>
<b>Other financing sources (uses)</b>				
Transfers in	46,143	83,114	59,332	(23,782)
Transfers out	(12,784)	(65,461)	(50,738)	14,723
Issuance of long-term debt			-	
Proceeds from the sale of capital assets	885	3,618	422	(3,196)
Total other financing sources (uses)	<u>34,244</u>	<u>21,271</u>	<u>9,016</u>	<u>(12,255)</u>
Net change in fund balances	2,910	5,422	29,650	24,228
Fund balances - beginning, as previously stated	83,070	83,070	83,070	-
Prior period adjustment	(23,096)	(23,096)	(23,096)	-
Fund balances - ending	<u>\$ 62,884</u>	<u>\$ 65,396</u>	<u>\$ 89,624</u>	<u>\$ 24,228</u>

City of Riverside  
Statement of Net Position  
Proprietary Funds  
June 30, 2018  
(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	\$ 257,155	\$ 47,464	\$ 89,376	\$ 11,935	\$ 405,930	\$ 23,784
Receivables (net allowances for uncollectibles)						
Interest	1,016	191	296	45	1,548	75
Utility billed	13,903	3,510	3,615	1,100	22,128	-
Utility unbilled	14,858	3,180	2,407	784	21,229	-
Accounts	4,011	1,276	153	2,919	8,359	50
Intergovernmental	27	875	1,194	354	2,450	418
Other	-	-	-	-	-	-
Inventory	1,097	-	1,693	52	2,842	6,284
Prepaid items	21,774	238	11	319	22,342	-
Deposits	1,286	-	-	300	1,586	-
Due from other funds	305	131	-	-	436	-
Restricted assets:						
Cash and cash equivalents:						
Rate stabilization cash and cash equivalents	-	-	1,000	-	1,000	-
Other restricted cash and cash equivalents	48,359	8,451	-	1,118	57,928	-
Public benefit programs receivable	881	109	-	-	990	-
Total current assets	364,672	65,425	99,745	18,926	548,768	30,611
Non-current assets:						
Restricted assets:						
Cash and investments at fiscal agent	69,047	2,315	50,488	-	121,850	-
Regulatory assets	1,731	-	1,525	4,874	8,130	-
Derivative instruments	-	-	-	299	299	-
Prepaid items - non-current	11,131	-	-	-	11,131	-
Advances to other funds	-	-	3,992	-	3,992	2,403
Advances to Successor Agency Trust Fund	4,227	-	-	-	4,227	-
Capital assets:						
Land	52,111	20,841	2,768	19,180	94,900	458
Intangible assets, non-depreciable	10,651	10,841	-	-	21,492	-
Intangible assets, depreciable	21,472	4,022	119	-	25,613	219
Accumulated depreciation - intangible assets, depreciable	(6,104)	(1,463)	(54)	-	(7,621)	(132)
Buildings	62,375	19,962	496,939	35,925	615,201	4,092
Accumulated depreciation - buildings	(10,260)	(6,622)	(123,448)	(8,612)	(148,942)	(718)
Improvements other than buildings	944,199	624,203	152,190	74,503	1,795,095	1,315
Accumulated depreciation - improvements other than buildings	(366,866)	(211,105)	(23,365)	(16,094)	(617,430)	(470)
Machinery and equipment	44,027	14,803	16,398	22,861	98,089	11,265
Accumulated depreciation - machinery and equipment	(24,826)	(12,986)	(9,179)	(17,210)	(64,201)	(8,977)
Construction in progress	54,475	23,969	23,836	299	102,579	253
Total non-current assets	867,390	488,780	592,209	116,025	2,064,404	9,708
Total assets	1,232,062	554,205	691,954	134,951	2,613,172	40,319
Deferred Outflows of Resources						
Changes in derivative values	10,692	1,869	-	-	12,561	-
Charge on refunding	8,997	6,163	-	-	15,160	-
Pension contributions, changes in assumptions and differences in experience	30,596	10,882	6,866	4,300	52,644	2,350
Hillwood note payable	-	4,424	-	-	4,424	-
Total deferred outflows of resources	50,285	23,338	6,866	4,300	84,789	2,350

Continued

City of Riverside  
Statement of Net Position  
Proprietary Funds  
June 30, 2018  
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					Governmental
Liabilities	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Activities-Internal Service Funds
Current liabilities:						
Accounts payable	11,618	3,388	1,835	2,184	19,025	1,277
Accrued payroll	201	76	45	33	355	20
Retainage payable	223	433	423	15	1,094	13
Unearned revenue	61	64	3	1,269	1,397	-
Deposits	6,397	813	-	579	7,789	-
Due to other funds	-	-	-	225	225	436
Capital leases - current	824	211	-	533	1,568	-
Water stock acquisitions - current	-	150	-	-	150	-
Notes payable - current	-	1,202	788	2,920	4,910	-
Landfill capping - current	-	-	-	250	250	-
Claims and judgments - current	-	-	-	-	-	9,872
Compensated absences - current	4,547	1,506	1,110	508	7,671	377
Current liabilities payable from restricted assets:						
Revenue bonds	14,445	5,635	13,515	-	33,595	-
Pension obligation bonds	2,018	728	462	342	3,550	145
Decommissioning liability	5,457	-	-	-	5,457	-
Accrued interest	4,846	1,542	7,943	-	14,331	-
Total current liabilities	50,637	15,748	26,124	8,858	101,367	12,140
Non-current liabilities:						
Revenue bonds	520,894	178,998	406,377	-	1,106,269	-
Pension obligation bonds	8,400	3,028	1,924	1,422	14,774	604
Notes payable	-	20,322	659	52,692	73,673	-
Capital leases	2,274	1,884	-	1,095	5,253	-
Advances from other funds	-	-	-	-	-	335
Decommissioning liability	55,120	-	-	-	55,120	-
Regulatory liability	-	-	-	28	28	-
Derivative instruments	15,228	5,593	-	-	20,821	-
Claims and judgments	-	-	-	-	-	36,360
Water stock acquisitions	-	788	-	-	788	-
Landfill capping	-	-	-	4,520	4,520	-
Compensated absences	521	344	41	19	925	55
Net OPEB liability	8,283	3,410	2,417	2,097	16,207	950
Net pension liability	108,886	38,880	24,675	15,484	187,925	8,364
Total non-current liabilities	719,606	253,247	436,093	77,357	1,486,303	46,668
Total liabilities	770,243	268,995	462,217	86,215	1,587,670	58,808
Deferred Inflows of Resources						
Regulatory charges	-	773	16,426	-	17,199	-
Change in derivative values	-	-	-	289	289	-
Pension contributions, changes in assumptions and differences in experience	6,396	2,585	1,915	1,265	12,161	495
OPEB contributions, changes in assumptions and differences in experience	296	112	76	71	555	36
Total deferred inflows of resources	6,692	3,470	18,417	1,625	30,204	531
Net Position						
Net investment in capital assets	267,230	291,562	148,839	92,596	800,227	7,305
Restricted for debt service	16,691	6,186	21,142	-	44,019	-
Restricted for landfill capping	-	-	-	1,118	1,118	-
Restricted for programs and regulatory requirements	32,215	1,981	1,384	-	35,580	-
Unrestricted	189,276	5,349	46,821	(42,303)	199,143	(23,975)
Total net position (deficit)	\$ 505,412	\$ 305,078	\$ 218,186	\$ 51,411	\$ 1,080,087	\$ (16,670)

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

**City of Riverside**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2018**  
**(amounts expressed in thousands)**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities-Internal Service Funds</b>
	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
Operating revenues:						
Charges for services	\$ 364,516	\$ 66,828	\$ 65,081	\$ 47,739	\$ 544,164	\$ 24,773
Operating expenses:						
Personnel services	57,626	17,027	11,903	10,198	96,754	5,596
Contractual services	7,333	2,828	1,721	12,969	24,851	656
Maintenance and operation	197,496	9,633	8,567	7,856	223,552	2,740
General	10,958	14,268	4,591	15,396	45,213	3,056
Materials and supplies	1,027	777	3,876	1,412	7,092	265
Claims/Insurance	907	399	855	423	2,584	14,733
Depreciation and amortization	33,585	14,914	13,621	4,916	67,036	1,091
Total operating expenses	308,932	59,846	45,134	53,170	467,082	28,137
Operating income (loss)	55,584	6,982	19,947	(5,431)	77,082	(3,364)
Non-operating revenues (expenses):						
Operating grants	-	-	-	3,374	3,374	-
Interest income	2,567	250	1,071	51	3,939	150
Other	6,829	2,803	21	1,157	10,810	434
Gain (loss) on retirement of capital assets	579	177	(12)	(236)	508	97
Capital improvement fees	-	-	1,583	-	1,583	-
Interest expense and fiscal charges	(24,129)	(8,435)	(9,002)	(2,054)	(43,620)	(36)
Total non-operating revenues (expenses)	(14,154)	(5,205)	(6,339)	2,292	(23,406)	645
Income (loss) before capital contributions and transfers	41,430	1,777	13,608	(3,139)	53,676	(2,719)
Cash capital contributions	3,170	2,975	32	2,562	8,739	-
Noncash capital contributions	17,012	1,206	-	-	18,218	-
Transfers in	-	-	-	10,436	10,436	5,000
Transfers out	(40,073)	(6,173)	(900)	(4,749)	(51,895)	-
Change in net position	21,539	(215)	12,740	5,110	39,174	2,281
Net position (deficit) - beginning	484,201	305,418	205,531	46,380	1,041,530	(18,914)
Prior period adjustment	(328)	(125)	(85)	(79)	(617)	(37)
Net position - beginning	483,873	305,293	205,446	46,301	1,040,913	(18,951)
Net position (deficit) - ending	\$ 505,412	\$ 305,078	\$ 218,186	\$ 51,411	\$ 1,080,087	\$ (16,670)

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

City of Riverside  
Proprietary Funds  
Statement of Cash Flows  
For the fiscal year ended June 30, 2018  
(amounts expressed in thousands)

	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:						
Cash received from customers and users	\$ 366,925	\$ 67,434	\$ 64,244	\$ 46,963	\$ 545,566	\$ 24,921
Cash paid to employees for services	(66,007)	(23,789)	(9,751)	(8,923)	(108,470)	(3,553)
Cash paid to other suppliers of goods or services	(204,412)	(16,731)	(22,001)	(37,808)	(280,952)	(21,788)
Other receipts	6,829	1,566	27	1,582	10,004	434
Net cash provided by operating activities	103,335	28,480	32,519	1,814	166,148	14
Cash flows from noncapital financing activities:						
Transfers in	-	-	-	10,142	10,142	5,000
Transfers out	(40,073)	(6,173)	(900)	(4,749)	(51,895)	-
Operating grants	-	-	-	3,374	3,374	-
Receipts (payments) on interfund advances	316	(53)	994	(82)	1,175	969
Payments on pension obligation bonds	(1,894)	(683)	(435)	(418)	(3,430)	(137)
Net cash (used) provided by noncapital financing activities	(41,651)	(6,909)	(341)	8,267	(40,634)	5,832
Cash flows from capital and related financing activities:						
Purchase of capital assets	(27,460)	(27,824)	(15,106)	(2,978)	(73,368)	(762)
Proceeds from the sale of capital assets	671	177	-	92	940	97
Principal payment on bond defeasance	(11,005)	-	-	-	(11,005)	-
Principal paid on long-term obligations	(14,602)	(5,626)	(9,945)	(2,852)	(33,025)	-
Interest paid on long-term obligations	(25,894)	(8,320)	(18,707)	(2,054)	(54,975)	(36)
Capital improvement fees	-	-	1,583	-	1,583	-
Capital lease proceeds	-	-	-	-	-	-
Contributions	3,154	3,806	32	2,562	9,554	-
Net cash (used) for capital and related financing activities	(75,136)	(37,787)	(42,143)	(5,230)	(160,296)	(701)
Cash flows from investing activities:						
Sale and (purchase) of investments	13,895	-	(78)	(15)	13,802	(32)
Interest from investments	2,442	290	1,071	51	3,854	150
Net cash provided by investing activities	16,337	290	993	36	17,656	118
Net change in cash and cash equivalents	2,885	(15,926)	(8,972)	4,887	(17,126)	5,263
Cash and cash equivalents, beginning (including \$47,133 for Electric, \$10,653 for Water, \$87,895 for Sewer and \$1,738 for Other Enterprise Funds in restricted accounts.)	302,629	74,156	149,836	8,166	534,787	18,521
Cash and cash equivalents, ending (including \$48,359 for Electric, \$10,766 for Water, \$51,488 for Sewer and \$1,118 for Other Enterprise Funds in restricted accounts.)	\$ 305,514	\$ 58,230	\$ 140,864	\$ 13,053	\$ 517,661	\$ 23,784

Continued

City of Riverside  
Proprietary Funds  
Statement of Cash Flows  
For the fiscal year ended June 30, 2018  
(amounts expressed in thousands)

	Continued					
				Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Electric	Water	Sewer			
Reconciliation of operating income (loss) to net cash (used)						
provided by operating activities:						
Operating income (loss)	\$ 55,584	\$ 6,982	\$ 19,947	\$ (5,431)	\$ 77,082	\$ (3,364)
Other nonoperating items	6,829	1,566	21	1,157	9,573	434
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities:						
Depreciation and amortization	33,585	14,914	13,621	4,916	67,036	1,091
Changes in assets, liabilities and deferred inflows/outflows of resources:						
Utility billed receivable	701	96	(565)	(62)	170	-
Utility unbilled receivable	1,553	149	(112)	(10)	1,580	-
Accounts receivable	420	228	262	(1,152)	(242)	(27)
Intergovernmental receivable	(25)	238	(422)	448	239	175
Inventory	-	-	(168)	(52)	(220)	(284)
Prepaid and deposit items	(1,758)	(74)	19	(619)	(2,432)	-
Benefit programs receivable	46	(46)	-	-	-	-
Regulatory assets	-	-	71	407	478	-
Derivative instruments	-	-	-	(299)	(299)	-
Accounts payable	307	710	(2,438)	877	(544)	(67)
Accrued payroll	201	76	45	33	355	20
Retainage payable	61	240	196	15	512	13
Other payables	93	47	97	37	274	(4)
Deposits payable	401	61	-	579	1,041	-
Regulatory liability	-	-	-	28	28	-
Landfill capping	-	-	-	(620)	(620)	-
Claims and judgments	-	-	-	-	-	1,287
Change in derivative values	-	-	-	289	289	-
Net pension liability and related changes in deferred outflows and inflows of resources	9,056	3,149	1,913	1,182	15,300	694
Net OPEB liability and related changes in deferred outflows and inflows of resources	378	144	97	91	710	46
Deferred regulatory charges	-	-	(65)	-	(65)	-
Decommissioning liability	(4,097)	-	-	-	(4,097)	-
Net cash provided by operating activities	<u>\$ 103,335</u>	<u>\$ 28,480</u>	<u>\$ 32,519</u>	<u>\$ 1,814</u>	<u>\$ 166,148</u>	<u>\$ 14</u>
Schedule of noncash financing and investing activities:						
Capital contributions	\$ 17,012	\$ 1,206	\$ -	\$ -	\$ 18,218	\$ -
Capital assets - transfer from governmental activities	-	-	-	39,487	39,487	-
Loss on retirement of capital assets	-	-	(12)	(236)	(248)	-
Payment on note payable including interest offset by rent credit	-	1,237	-	-	1,237	-
Well relocation with note payable	-	4,100	-	-	4,100	-
Note payable and derivative swap - transfer from governmental activities	-	-	-	(39,193)	(39,193)	-
Decrease in fair value of investments	(79)	-	-	-	(79)	-

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

**City of Riverside**  
**Statement of Net Position/(Deficit)**  
**Fiduciary Funds**  
**June 30, 2018**  
 (amounts expressed in thousands)

	<b>Successor Agency Private-Purpose Trust Fund</b>	<b>Agency Fund</b>
<b>Assets</b>		
Cash and investments	\$ 35,445	\$ 3,309
Cash and investments at fiscal agent	12,214	4,688
Receivables:		
Interest	110	10
Accounts	143	-
Notes	2,670	-
Direct financing lease receivable	15,150	-
Deposits	2	-
Property tax receivables	-	81
Land and improvements held for resale	9,275	-
Capital assets:		
Land	185	-
Total assets	<u>75,194</u>	<u>8,088</u>
<b>Liabilities</b>		
Accounts payable	39	1
Accrued interest	3,860	-
Advances from other funds	7,554	-
Bonds payable	207,359	-
Pension obligation bonds payable	554	-
Notes payable	4,338	-
Held for bond holders	-	8,087
Total liabilities	<u>223,704</u>	<u>8,088</u>
<b>Deferred Inflows of Resources</b>		
Deferred charge on refunding	1,148	-
Total deferred inflows of resources	<u>1,148</u>	<u>-</u>
<b>Net Position/(Deficit)</b>		
Held by Successor Agency	(149,658)	-
Total net position/(deficit)	<u>\$ (149,658)</u>	<u>\$ -</u>

The notes to basic 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, 2018**  
**(amounts expressed in thousands)**

	<b>Successor Agency Private-Purpose Trust Fund</b>
<b>Additions</b>	
Property tax revenue	\$ 24,230
Rental and investment income	641
Miscellaneous	69
Total additions	<u>24,940</u>
<b>Deductions</b>	
Professional services and other deductions	2,560
Redevelopment projects	1,015
Interest expense	9,497
Total deductions	<u>13,072</u>
Change in Net Position/(Deficit)	11,868
Net position/(deficit) - beginning	<u>(161,526)</u>
Net position/(deficit) - ending	<u><u>\$ (149,658)</u></u>

The notes to basic 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

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

#### Blended Component Units

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

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

Riverside Municipal Improvements Corporation (Municipal Improvements Corporation) was created in 1978 and operates under provisions of the Nonprofit Public Benefit Corporation Law of the State of California. The

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

### Fiduciary Component Unit

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

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

### B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

Transportation Uniform Mitigation Fees, which is six (6) months. 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.

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 \$1.5 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 Governmental Accounting Standards Board Statement No. 72 (GASB 72), *Fair Value Measurement and Application*, which requires governmental entities to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach or the income approach.

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. Allowance for Doubtful Accounts

Management determines the allowance for doubtful accounts by analyzing customer accounts for all balances over 60 days old. The allowance for doubtful accounts is then adjusted at fiscal year-end based on the amount equal to the annual uncollectible accounts. Utility customer closed accounts are written off when deemed uncollectible. Recoveries to utility customer receivables previously written off are recorded when received. For non-utility accounts receivables, delinquent notices after 60 days are sent to customers with outstanding balances. After 120 days, accounts still outstanding are referred to the City's collection agency. As of June 30, 2018, the City had an allowance for doubtful account balance of \$6,768.

#### G. 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.

#### H. Inventory

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

#### I. Prepaid Items

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

## J. 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, 2018, business-type activities capitalized net interest costs of \$12,054 in the government-wide financial statements. Total interest expense incurred by the business-type activities before capitalization was \$55,301.

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

## K. 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.

## L. Derivative Instruments

The City's derivative instruments are accounted for in accordance with Government Accounting Standards Board Statement No. 53 (GASB 53), *Accounting and Financial Reporting for Derivative Instruments*, 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. 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. See Note 9 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.

## M. 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 September 2014, submitted by Southern California Edison (SCE) and accepted by the Nuclear Regulatory Commission (NRC), the Electric Utility has fully funded the San Onofre Nuclear Generating Station ("SONGS") decommissioning liability.

The Electric Utility has set aside \$57,154 in cash investments with the trustee and \$8,245 in an internally designated decommissioning reserve as the Electric Utility's estimated share of the decommissioning cost of SONGS as of June 30, 2018. 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 unrestricted designated cash reserve for unexpected costs not contemplated in the current estimates.

On February 23, 2016, the City Council adopted a resolution authorizing the commencement of SONGS decommissioning effective June 7, 2013. This resolution allows the Electric Utility to access the decommissioning trust funds to pay for its share of decommissioning costs. As of June 30, 2018, the Electric Utility has paid to date \$23,512 in decommissioning obligations, all of which have been reimbursed by the trust funds.

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.

#### N. 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, 2018, the City had an obligation related to claims and judgments which is reflected as a liability on the government-wide statements and is more fully described in Note 7.

#### O. 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. The City Council approved the General Fund Reserve Policy setting a 10% minimum in the Emergency Reserve and 5% in the Contingency Reserve with an aspirational goal of 15% in the Emergency Reserve. The Emergency Reserve was established for the purpose of addressing any extremely unusual and infrequent occurrences, such as a major natural disaster or a major unforeseen settlement. Utilization of the Emergency Reserve requires declaration of an emergency by a two-thirds majority of the City Council, and specification of the maximum dollar amount to be used. The Contingency Reserve was established for the purpose of providing a "bridge" to facilitate a measured and thoughtful reduction in expenditures during times of economic downturn, rather than making immediate and drastic budget reductions without the time for proper evaluation. Utilization of the Contingency Reserve, including

specification of the maximum dollar amount to be used, requires approval by a two-thirds majority of the City Council. The reserves committed at June 30, 2018 were calculated utilizing fiscal year 2018-2019 adopted General Fund expenditure budget of \$269,000.

- 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.

#### P. 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.

#### Q. 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 nonspendable fund balance 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."

#### R. 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.

#### S. 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.

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

When applicable, the statement of net position and the balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore will not be recognized as an expense or expenditure until that time.

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

#### U. 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, Sewer and Refuse funds.

#### V. 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 January 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.

#### W. 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.

#### X. Pensions

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

#### Y. Other Post Employment Benefit (OPEB)

OPEB refers to the benefits, other than pensions, that the City provides as part of an employee's retirement benefits. The net OPEB liability is defined as the liability of employers contributing to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust. In order to improve the financial reporting of these benefits, the City has implemented GASB 75, which is explained in detail under *New Accounting Pronouncements*.

#### Z. New Accounting Pronouncements

Effective July 1, 2017, the accompanying financial statements reflect the implementation of Governmental Accounting Standards Board Statement No. 75 (GASB 75), *Accounting and Financial Reporting For Postemployment Benefits Other Than Pensions*. The primary objective of GASB 75 is to improve financial reporting by state and local governments in regards to postemployment benefits other than pensions (OPEB). These improvements provide users of financial statement decision-useful information, supports assessments of accountability and interperiod equity, and creates additional transparency. GASB 75 accomplishes this by requiring recognition of the entire OPEB liability, a more comprehensive measure of OPEB expense, along with new note disclosures and required supplementary information. The City implemented this Statement which resulted in a restatement of beginning net position by \$1,618, recognition of deferred inflow of resources of \$1,459, establishment of a net OPEB liability of \$36,786, and additional disclosures (Note 15).

#### 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



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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.

Biannually, during the period December through February, department heads prepare estimates of required appropriations for the following two-year budget cycle. 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 budget cycle. 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	\$ 630,336
Investments at fiscal agent	146,488
	<u>776,824</u>
Cash on hand and deposits with financial institutions	46,798
	<u>\$ 823,622</u>

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

Cash and investments	\$ 572,910
Restricted cash and cash equivalents	58,928
Restricted cash and investments at fiscal agent	<u>136,128</u>
Total per statement of net position	767,966
Fiduciary fund cash and investments	38,754
Fiduciary fund cash and investments with fiscal agent	<u>16,902</u>
	<u>\$ 823,622</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:

	<u>Max Maturity</u>	<u>Max % of Portfolio</u>
Local Agency Investment Fund (State Pool)	N/A	100%
Money Market Funds	N/A	20%
Mutual Funds	N/A	20%
Joint Powers Authority Pools	N/A	N/A
Corporate Medium Term Notes	5 Years	30%
Municipal Bonds	5 Years	30%
Negotiable Certificates of Deposit	5 Years	30%
Mortgage Pass-Through and Asset-Backed Securities	5 Years	20%
Certificates of Deposit Placement Services	5 Years	30%
Collateralized Time Deposits	5 Years	30%
Federally Insured Time Deposits	5 Years	30%
Supranational Securities	5 Years	15%
Federal Agency Securities	5 Years	N/A

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U.S. Treasury Notes/Bonds	5 Years	N/A
Repurchase Agreements	1 Year	N/A
Commercial Paper of "prime" quality	270 Days	25%
Bankers' Acceptances	180 Days	10%
Reverse Repurchase Agreements	92 Days	20%

Investments in Corporate Medium Term Notes may be invested in securities rated "A" or better by at least two nationally recognized statistical rating agencies. No more than 5% of the market value of the portfolio may be invested in any single issuer.

Investments in Negotiable Certificates of Deposit exceeding federal deposit insurance limits shall be issued by institutions which have long-term debt obligations rated "A" (or the equivalent) or better and short-term debt obligations, if any, rated "A1" (or the equivalent) or better by at least two nationally recognized statistical rating agencies. No more than 5% of the market value of the portfolio may be invested in any single issuer of negotiable or non-negotiable certificates of deposit.

Investments in Commercial Paper may be invested in securities rated "A1" (or the equivalent) or higher by at least one nationally recognized statistical rating agency. In addition, debt other than Commercial Paper, if any, issued by corporations in this category must be rated at least "A" (or the equivalent) or better by at least one nationally recognized statistical rating agency. No more than 5% of the market value of the portfolio may be invested in any single issuer. For purposes of this issuer limitation, holdings of Commercial Paper shall be combined with holdings of Corporate Medium-Term Notes. No more than 25% of the total market value of the portfolio may be invested in Commercial Paper. No more than 10% of the outstanding Commercial Paper of any single issuer may be purchased.

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 Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of assets. Level 1 are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The levels of valuation inputs are as follows:

- Level 1 – Quoted prices for identical assets or liabilities in an active market
- Level 2 – Observable inputs other than quoted market prices; and
- Level 3 – Unobservable inputs

The City has the following recurring fair value measurements as of June 30, 2018:

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	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 148,627	\$ -	\$ 148,627	\$ -
Federal Agency Securities	7,938	-	7,938	-
U.S. Treasury Notes/Bonds	301,172	-	301,172	-
Corp. Medium Term Notes	35,839	-	35,839	-
Negotiable Certificates of Deposits	7,394	-	7,394	-
Held by Fiscal Agent				
Money Market Funds	11,025	-	11,025	-
Commercial Paper	662	-	662	-
U.S. Treasury Notes/Bonds	66,050	-	66,050	-
Federal Agency Securities	1,691	-	1,691	-
Corp. Medium Term Notes	16,649	-	16,649	-
<b>Total</b>	<b>597,047</b>	<b>\$ -</b>	<b>\$ 597,047</b>	<b>\$ -</b>

Investments not subject to  
fair value hierarchy:

State Investment Pool	169,016
Investment Contracts	10,761
<b>Total Investments</b>	<b>\$ 776,824</b>

**Disclosures Relating to Interest Rate Risk**

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

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

	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Money Market Funds	\$ 148,627	\$ 148,627	\$ -	\$ -	\$ -
Federal Agency Securities	7,938	-	-	7,938	-
U.S. Treasury Notes/Bonds	301,172	40,693	140,724	119,755	-
Corp. Medium Term Notes	35,839	8,488	14,870	12,481	-
State Investment Pool	129,366	129,366	-	-	-
Negotiable Certificates of Deposit	7,394	4,460	984	1,950	-
Held by Fiscal Agent					
Money Market Funds	11,025	11,025	-	-	-
State Investment Pool	39,650	39,650	-	-	-
Investment Contracts	10,761	-	-	-	10,761
Commercial Paper	662	662	-	-	-
U.S. Treasury Notes/Bonds	66,050	30,698	8,890	26,462	-
Federal Agency Securities	1,691	1,332	-	359	-
Corp. Medium Term Notes	16,649	10,303	3,379	2,967	-
<b>Total</b>	<b>\$ 776,824</b>	<b>\$ 425,304</b>	<b>\$ 168,847</b>	<b>\$ 171,912</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:

	Total	Ratings as of Year End				
		AAA	AA	A	BBB	Unrated
Money Market Funds	\$ 148,627	\$ -	\$ 143,510	\$ 5,117	\$ -	\$ -
Federal Agency Securities	7,938	7,938	-	-	-	-
U.S. Treasury Notes/Bonds	301,172	301,172	-	-	-	-
Corp. Medium Term Notes	35,839	-	35,839	-	-	-
State Investment Pool	129,366	-	-	-	-	129,366
Negotiable Certificates of Deposits	7,394	-	-	-	-	7,394
Held by Fiscal Agent						
Money Market Funds	11,025	7,840	-	3,185	-	-
State Investment Pool	39,650	-	-	-	-	39,650
Investment Contracts	10,761	-	10,761	-	-	-
Commercial Paper	662	-	-	662	-	-
U.S. Treasury Notes/Bonds	66,050	66,050	-	-	-	-
Federal Agency Securities	1,691	1,691	-	-	-	-
Corp. Medium Term Notes	16,649	2,880	2,967	3,379	7,423	-
<b>Total</b>	<b>\$ 776,824</b>	<b>\$ 387,571</b>	<b>\$ 193,077</b>	<b>\$ 12,343</b>	<b>\$ 7,423</b>	<b>\$ 176,410</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. For fiscal year ended June 30, 2018, the City did not have any 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.

### 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.

The pledge to secure deposits is administered by the California Commissioner of Business Oversight. Collateral is required for demand deposits at 110% of all deposits not covered by federal depository insurance (FDIC) if obligations of the United States and its agencies, or obligations of the State or its municipalities, school districts, and district corporations are pledged. Collateral of 150% is required if a deposit is secured by first mortgages or first trust deeds upon improved residential real property located in California. All such collateral is considered to be held by the pledging financial institutions' trust departments or agents in the name of the City. Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however the trust department of the same institution may hold them.

Written custodial agreements are required to provide, among other things, that the collateral securities are held separate from the assets of the custodial institution.

### Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the

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

### 4. Direct Financing Lease Receivable

The former Redevelopment Agency had a direct financing lease arrangement with the State of California (the State) for a twelve-story office building, which was transferred to the Successor Agency. The lease term is for thirty years and the State takes ownership of the facility at the conclusion of that term. The lease calls for semi-annual payments not less than the debt service owed on the related lease revenue bonds issued by the former Redevelopment Agency for the purchase and renovation of the building. The future minimum lease payments to be received are as follows:

<u>Fiscal Year</u>	
2019	\$ 2,625
2020	2,659
2021	2,692
2022	2,724
2023	2,759
Thereafter	<u>5,609</u>
Total Due	19,068
Less: Amount applicable to interest	<u>(3,918)</u>
Total direct financing lease receivable	<u>\$ 15,150</u>

**City of Riverside**  
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(amounts expressed in thousands)

**5. Capital Assets**

The following is a summary of changes in the capital assets during the fiscal year ended June 30, 2018.

	Beginning Balance	Additions/ Transfers In	Deletions/ Transfers Out	Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not depreciated:					
Land	\$ 343,918	\$ 1,091	\$ (1,987)	\$ -	\$ 343,022
Construction in progress	44,310	24,584	-	-	68,894
Total capital assets not depreciated	388,228	25,675	(1,987)	-	411,916
Capital assets being depreciated:					
Buildings	183,641	453	-	-	184,094
Improvements other than buildings	314,404	2,367	-	(44,201)	272,570
Machinery and equipment	89,501	6,352	(2,826)	(386)	92,641
Intangibles, depreciable	219	-	-	-	219
Infrastructure	1,013,776	16,838	(10,772)	-	1,019,842
Total capital assets being depreciated	1,601,541	26,010	(13,598)	(44,587)	1,569,366
Less accumulated depreciation for:					
Buildings	(68,554)	(4,738)	-	-	(73,292)
Improvements other than buildings	(116,922)	(12,060)	-	2,755	(126,227)
Machinery and equipment	(66,530)	(5,900)	2,766	193	(69,471)
Intangibles, depreciable	(88)	(44)	-	-	(132)
Infrastructure	(381,397)	(25,197)	233	-	(406,361)
Total accumulated depreciation	(633,491)	(47,939)	2,999	2,948	(675,483)
Total capital assets being depreciated, net	968,050	(21,929)	(10,599)	(41,639)	893,883
Governmental activities capital assets, net	<u>\$ 1,356,278</u>	<u>\$ 3,746</u>	<u>\$ (12,586)</u>	<u>\$ (41,639)</u>	<u>\$ 1,305,799</u>

	Beginning Balance	Additions/ Transfers In	Deletions/ Transfers Out	Reclassifications	Ending Balance
Business-type activities:					
Capital assets, not depreciated:					
Land	\$ 80,246	\$ 14,654	\$ -	\$ -	\$ 94,900
Intangibles, non-depreciable	21,492	-	-	-	21,492
Construction in progress	80,934	69,647	(48,002)	-	102,579
Total capital assets not depreciated	182,672	84,301	(48,002)	-	218,971
Capital assets being depreciated:					
Buildings	606,984	8,256	(39)	-	615,201
Improvements other than buildings	1,695,979	57,003	(2,088)	44,201	1,795,095
Machinery and equipment	96,617	3,550	(2,464)	386	98,089
Intangibles, depreciable	24,597	1,016	-	-	25,613
Total capital assets being depreciated	2,424,177	69,825	(4,591)	44,587	2,533,998
Less accumulated depreciation for:					
Buildings	(135,847)	(13,134)	39	-	(148,942)
Improvements other than buildings	(572,788)	(43,883)	1,996	(2,755)	(617,430)
Machinery and equipment	(59,537)	(6,664)	2,193	(193)	(64,201)
Intangibles, depreciable	(4,670)	(2,951)	-	-	(7,621)
Total accumulated depreciation	(772,842)	(66,632)	4,228	(2,948)	(838,194)
Total capital assets being depreciated, net	1,651,335	3,193	(363)	41,639	1,695,804
Business-type activities capital assets, net	<u>\$ 1,834,007</u>	<u>\$ 87,494</u>	<u>\$ (48,365)</u>	<u>\$ 41,639</u>	<u>\$ 1,914,775</u>

Depreciation expense was charged to various functions as follows:

Governmental activities:	
General government	\$ 5,394
Public safety	5,667
Highway and streets, including general infrastructure	25,951
Culture and recreation	10,927
Total depreciation expense - governmental activities	<u>\$ 47,939</u>

Business-type activities:	
Electric	\$ 33,585
Water	14,914
Sewer	13,621
Entertainment	975
Airport	693
Refuse	1,138
Transportation	714
Public Parking	992
Total depreciation expense - business-type activities	<u>\$ 66,632</u>

**6. Long-Term Obligations**

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

	Beginning Balance	Additions	Reclass	Reductions	Ending Balance	Due Within One Year
Governmental activities:						
General obligations bond	\$ 11,513	\$ -	\$ -	\$ (1,125)	\$ 10,388	\$ 1,195
Pension obligation bonds	92,592	-	(22,210)	(9,499)	60,883	10,435
Certificates of participation	156,516	-	-	(5,716)	150,800	5,825
Lease revenue bonds	37,854	-	-	(1,608)	36,246	1,560
Loan payable	41,325	-	(39,174)	(405)	1,746	417
Capital leases	17,193	14,500	(2,152)	(3,894)	25,647	4,284
Compensated absences	22,790	16,167	-	(13,972)	24,985	15,306
Claims liability	44,945	13,690	-	(12,403)	46,232	9,872
	<u>\$ 424,728</u>	<u>\$ 44,357</u>	<u>\$ (63,536)</u>	<u>\$ (48,622)</u>	<u>\$ 356,927</u>	<u>\$ 48,894</u>

**City of Riverside**  
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Business-type activities:	Beginning Balance	Additions	Reclass	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 1,180,345	\$ -	\$ -	\$ (40,481)	\$ 1,139,864	\$ 33,595
Pension obligation bonds	-	-	21,656	(3,332)	18,324	3,550
Notes payable	35,255	8,600	39,174	(4,446)	78,583	4,910
Capital leases	6,209	-	2,152	(1,540)	6,821	1,568
Water stock acquisition rights	938	-	-	-	938	150
Landfill capping	5,390	-	-	(620)	4,770	250
Compensated absences	8,279	7,714	-	(7,397)	8,596	7,671
	<u>\$ 1,236,416</u>	<u>\$ 16,314</u>	<u>\$ 62,982</u>	<u>\$ (57,816)</u>	<u>\$ 1,257,896</u>	<u>\$ 51,694</u>

Activities, Business-Type Activities, and the Successor Agency to properly reflect their proportional share.

\$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.

\$ 44,400

Governmental activities:

General Obligation Bonds – Governmental Activities:

Principal  
Outstanding

\$20,000 Fire Facility Projects, Election of 2003 General Obligation Bond; 3.0% to 5.5%, due in annual installments from \$410 to \$1,740 through August 1, 2024.

\$ 10,280

Add: Unamortized bond premium

108

Total General Obligation Bonds

\$10,388

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

Fiscal Year	Principal	Interest	Total
2019	\$ 1,195	\$ 492	\$ 1,687
2020	1,290	436	1,726
2021	1,380	373	1,753
2022	1,475	306	1,781
2023	1,560	229	1,789
2024-2028	3,380	189	3,569
Premium	108	-	108
Total	<u>\$ 10,388</u>	<u>\$ 2,025</u>	<u>\$ 12,413</u>

Principal  
Outstanding

Pension Obligation Bonds – Governmental Activities:

In 2018, the 2005 and 2017 Taxable Pension Obligation Bonds were distributed between Governmental

\$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; \$3,122 relates to Governmental Activities.

3,122

\$31,960 2017 Taxable Pension Obligation Bonds Series A; 1.25% to 3.125%, due in annual installments from \$2,910 to \$3,580 through June 1, 2027; \$13,704 relates to Governmental Activities.

13,704

Subtotal

61,226

Less: Bond Discount

(343)

Total Pension Obligation Bonds – Governmental Activities

\$60,883

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:

Fiscal Year	Principal	Interest	Total
2019	\$ 10,435	\$ 3,126	\$ 13,561
2020	10,675	2,591	13,266
2021	10,280	2,030	12,310
2022	11,226	1,478	12,704
2023	12,247	867	13,114
2024-2028	6,363	504	6,867
Discount	(343)	-	(343)
Total	<u>\$ 60,883</u>	<u>\$ 10,596</u>	<u>\$ 71,479</u>

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Certificates of Participation – Governmental Activities:	Principal Outstanding
\$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.	\$16,485
\$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 9. Due in annual installments from \$2,900 to \$7,200 through March 1, 2037.	102,000
\$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, 2033.	<u>31,220</u>
Subtotal	<u>149,705</u>
Plus: Unamortized bond premium	<u>1,095</u>
Total Certificates of Participation	<u>\$150,800</u>

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

Fiscal Year	Principal	Interest	Total
2019	\$ 5,825	\$ 5,694	\$ 11,519
2020	6,120	5,468	11,588
2021	6,420	5,232	11,652
2022	6,625	4,984	11,609
2023	6,835	4,728	11,563
2024-2028	38,680	19,367	58,047
2029-2033	47,065	11,178	58,243
2034-2038	32,135	2,601	34,736
Premium	1,095	-	1,095
Total	<u>\$ 150,800</u>	<u>\$ 59,252</u>	<u>\$ 210,052</u>

Lease Revenue Bonds – Governmental Activities:	Principal Outstanding
On August 15, 2012, the City issued the Series 2012A Lease Revenue Refunding Bonds in the amount of \$41,240. The bonds were issued to refinance the 2003 Certificates of Participation. Interest on the bonds is payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2013. The rate of interest varies from 2% to 5% per annum depending on maturity date. Principal is payable in annual installments ranging from \$1,295 to \$2,840 commencing November 1, 2013 and ending November 1, 2033.	\$34,340
Add: Unamortized bond premium	<u>1,906</u>
Total Lease Revenue Bonds – Governmental Activities	<u>\$36,246</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:

Fiscal Year	Principal	Interest	Total
2019	\$ 1,560	\$ 1,511	\$ 3,071
2020	1,640	1,432	3,072
2021	1,725	1,347	3,072
2022	1,810	1,259	3,069
2023	1,905	1,166	3,071
2024-2028	10,230	4,518	14,748
2029-2033	12,630	1,921	14,551
2034-2038	2,840	57	2,897
Premium	1,906	-	1,906
Total	<u>\$ 36,246</u>	<u>\$ 13,211</u>	<u>\$ 49,457</u>

Loans Payable – Governmental Activities:	Principal Outstanding
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2012 financing arrangement in the amount of \$4,000 for the construction of Ryan Bonaminio Park at the Tequesquite Arroyo. The debt will be paid with resources from the General Fund in semi-annual debt service payments of approximately \$468 per year over a

**City of Riverside**  
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10 year period, which includes interest at an annualized rate of 3.05%. \$1,746

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:

Fiscal Year	Principal	Interest	Total
2019	\$ 417	\$ 50	\$ 467
2020	430	37	467
2021	443	24	467
2022	456	11	467
Total	<u>\$ 1,746</u>	<u>\$ 122</u>	<u>\$ 1,868</u>

**Business-type activities:**

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, 2018:

**Revenue Bonds:**

Principal  
Outstanding

Electric

\$141,840 2008 Electric Refunding/Revenue Bonds; Series A & C. The bonds were issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.1% and 3.2% for the Series A & C bonds, respectively. See Note 9 for information on the swap agreements. Bonds are due in annual installments from \$700 to \$7,835 through October 1, 2035. \$112,515

\$209,740 2008 Electric Revenue Bonds; Series D fixed rate bonds, 3.6% to 5.0%, due in annual installments from \$3,460 to \$22,540 through October 1, 2038. In May 2018, the Electric Fund defeased \$11,005 of the total outstanding \$206,280 of 2008 Electric Revenue Bonds, Series D with monies received from settlements and cost recoveries associated with the early closure of the San Onofre Nuclear Generation Station Units 2 and 3 (SONGS). The partial defeasance related to bond

proceeds that funded part of the Steam Generator Replacement Project and other SONGS capital costs. The partial bond defeasance will reduce debt and realized interest savings of \$10,233 over the remaining 20-year life of the bonds. 195,275

\$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. 1,275

\$140,380 2010 Electric Revenue Bonds; Series A and B fixed rate bonds, 3% to 7.65%, due in annual installments from \$95 to \$33,725 through October 1, 2040. 137,940

\$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 9. Bonds are due in annual installments from \$725 to \$5,175 through October 1, 2035. 41,925

\$79,080 2013 Electric Revenue Refunding Bonds; Series A fixed rate bonds, 3% to 5.25%, due in annual installments from \$795 to \$12,685 through October 1, 2043. 39,785

Subtotal 528,715  
Add: Unamortized bond premium 6,624  
Subtotal \$535,339

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. \$55,415

\$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. 7,255



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\$67,790 2009 Water Revenue Bonds; Series B fixed rate bonds, 5.1% to 6.3%, due in annual installments from \$2,475 to \$4,985 through October 1, 2039. 67,790

\$59,000 2011 Water Refunding/Revenue Bonds; Series A. The bonds were issued at a variable rate; however the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see Note 9. Bonds are due in annual installments from \$600 to \$3,950 through October 1, 2035. 52,425

Subtotal 182,885  
Add: Unamortized bond premium 1,748  
Subtotal \$184,633

Sewer

\$240,910 2009 Sewer Revenue Bonds; Series A & B fixed rate bonds, 4% to 7.2%, due in annual installments from \$5,555 to \$13,350 through August 1, 2039. \$195,665

\$200,030 2015 Sewer Revenue Bonds; Series A fixed rate bonds, 4% to 5%, due in annual installments from \$4,790 to \$14,175 through August 1, 2040. 200,030

Subtotal 395,695  
Add: Unamortized bond premium 24,197  
Subtotal \$419,892

Total Revenue Bonds \$1,139,864

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
2019	\$ 14,445	\$ 23,086	\$ 37,531	\$ 5,635	\$ 7,352	\$ 12,987
2020	14,995	22,516	37,511	5,865	7,120	12,985
2021	15,535	21,955	37,490	6,080	6,889	12,969
2022	16,085	21,371	37,456	6,320	6,658	12,978
2023	16,675	20,758	37,433	6,535	6,426	12,961
2024-2028	93,830	92,890	186,720	36,630	28,032	64,662
2029-2033	115,230	70,709	185,939	44,420	20,007	64,427
2034-2038	133,885	42,946	176,831	54,120	10,002	64,122
2039-2043	105,410	9,385	114,795	17,280	595	17,875
2044-2048	2,625	66	2,691	-	-	-
Premium	6,624	-	6,624	1,748	-	1,748
Total	\$ 535,339	\$ 325,682	\$ 861,021	\$ 184,633	\$ 93,081	\$ 277,714

Fiscal Year	Sewer Utility Fund		
	Principal	Interest	Total
2019	\$ 13,515	\$ 18,488	\$ 32,003
2020	14,075	17,929	32,004
2021	10,820	17,372	28,192
2022	11,345	16,844	28,189
2023	11,905	16,289	28,194
2024-2028	68,835	72,128	140,963
2029-2033	87,445	53,517	140,962
2034-2038	111,180	29,779	140,959
2039-2043	66,575	4,339	70,914
Premium	24,197	-	24,197
Total	\$ 419,892	\$ 246,685	\$ 666,577

Pension Obligation Bonds – Business Type Activities: Principal Outstanding

In 2018, the 2005 and 2017 Taxable Pension Obligation Bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency to properly reflect their proportional share.

\$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. \$3,400 relates to Business Type Activities. \$3,400

\$31,960 2017 Taxable Pension Obligation Bonds Series A; 1.25% to 3.125%, due in annual installments from

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\$2,910 to \$3,580 through June 1, 2027. \$14,924 relates to Business Type Activities.

14,924

Total Pension Obligation Bonds – Business Type Activities

\$18,324

Fiscal Year	Principal	Interest	Total
2019	\$ 3,550	\$ 553	\$ 4,103
2020	2,952	432	3,384
2021	1,595	331	1,926
2022	1,629	297	1,926
2023	1,668	256	1,924
2024-2028	6,930	549	7,479
Total	<u>\$ 18,324</u>	<u>\$ 2,418</u>	<u>\$ 20,742</u>

Notes Payable – Enterprise Funds:

Principal  
Outstanding

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

\$ 978

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

469

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

18,256

Notes payable consists of several agreements with Hillwood Enterprises, L.P. (Hillwood) for its development of logistic centers located in the City of San Bernardino. As part of these agreements, the Water fund purchased land from Hillwood and subsequently leased it back to the entity. In addition, the agreements require Hillwood to relocate wells located on the properties as well as terminate an existing lease. In consideration of the cost of the land purchase, well relocations and lease termination, the Water fund will make payments to

Hillwood in a form of a credit with Hillwood's rental payments to the Water fund for the first 15 years of the leases.

21,524

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 9. 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.

37,356

Total notes payable – Enterprise Funds

\$78,583

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:

Sewer Fund			
Fiscal Year	Principal	Interest	Total
2019	\$ 788	\$ 28	\$ 816
2020	326	14	340
2021	333	7	340
Total	<u>\$ 1,447</u>	<u>\$ 49</u>	<u>\$ 1,496</u>

Public Parking Fund			
Fiscal Year	Principal	Interest	Total
2019	\$ 1,054	\$ 693	\$ 1,747
2020	1,095	652	1,747
2021	1,137	609	1,746
2022	1,182	565	1,747
2023	1,227	519	1,746
2024-2028	6,892	1,842	8,734
2029-2033	5,669	445	6,114
Total	<u>\$ 18,256</u>	<u>\$ 5,325</u>	<u>\$ 23,581</u>

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<u>Water Fund</u>			
Fiscal Year	Principal	Interest	Total
2019	\$ 1,202	\$ 556	\$ 1,758
2020	1,273	524	1,797
2021	1,348	490	1,838
2022	1,428	455	1,883
2023	1,511	415	1,926
2024-2028	8,970	1,389	10,359
2029-2033	5,792	212	6,004
Total	<u>\$ 21,524</u>	<u>\$ 4,041</u>	<u>\$ 25,565</u>

<u>Convention Center</u>			
Fiscal Year	Principal	Interest	Total
2019	1,866	1,170	3,036
2020	1,935	1,102	3,037
2021	1,987	1,049	3,036
2022	2,048	989	3,037
2023	2,110	926	3,036
2024-2028	11,561	3,621	15,182
2029-2033	13,459	1,722	15,181
2034-2038	2,390	76	2,466
Total	<u>37,356</u>	<u>10,655</u>	<u>48,011</u>

**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	\$ 728
Machinery and equipment	32,493	6,086
Subtotal	33,596	6,814
Less: Accumulated depreciation	(10,817)	(3,024)
Total	<u>\$ 22,779</u>	<u>\$ 3,790</u>

The future minimum lease obligations as of June 30, 2018 were as follows:

Fiscal Year	Governmental Activities	Business-type Activities
2019	\$ 4,821	\$ 1,700
2020	3,640	1,687
2021	3,640	1,378
2022	3,640	819
2023	2,808	626
Thereafter	9,478	1,039
Total minimum lease payments	28,027	7,249
Less: Amount representing interest (rates ranging from 1.2% to 9%)	(2,380)	(428)
Total capital lease payable	<u>\$ 25,647</u>	<u>\$ 6,821</u>

**Contracts – Enterprise Funds:**

Water stock acquisition rights payable on demand to various water companies

**Principal Outstanding**

**\$938**

**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:

<u>Debt Issue</u>	<u>LOC Provider</u>	LOC Expiration Date	Annual Commitment Fee
2008 Certificates of Participation	Bank of America, N.A.	2021	0.400%
2008A Electric Revenue Bonds	Barclays Bank, PLC	2021	0.325%
2008C Electric Revenue Bonds	Barclays Bank, PLC	2021	0.325%

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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 with principal to be paid quarterly not to exceed a 5-year period. The City would be required to pay annual interest equal to the highest of 8.0%, the Prime Rate plus 2.50%, the Federal Funds Rate plus 2.50% and 150% of the yield on the 30-year U.S. Treasury Bond. 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.

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, 2018:

Governmental long-term obligations:

Certificates of participation	\$ 8,771
Total	<u>\$ 8,771</u>

Enterprise funds:

Electric	\$ 10,800
Sewer	16,508
Total	<u>\$ 27,308</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 (all of debt secured by this revenue)	Debt Service Coverage Ratio for FY 06/30/18
Electric revenues	\$ 110,331 *	\$ 40,720	\$ 2.71
Water revenues	30,287 *	14,147	2.14
Sewer revenues	37,221 **	28,320	1.31

\* Excludes non-cash pension expense

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

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

**Landfill Capping:**

State and Federal laws and regulations require the City to place a final cover on all active landfills when closed and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. To comply with these laws and regulations, the City is funding the costs of closure and "final capping" of the Tequesquite landfill located in the City. This area, comprised of approximately 120 acres, operated as a "Class II Sanitary Landfill" until its closure in 1985. During its operation, the landfill did not accept hazardous waste and no clean up and abatement or cease and desist orders have been issued to the City. The capacity used at June 30, 2018 was 100%. The remaining post closure period is currently 12 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% (subject to \$100 minimum) 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 general liability insurance coverage in the amount of \$20,000 per occurrence for general and auto liability claims greater than \$3,000. There were no claims settled in the last three fiscal years that exceed

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insurance coverage. Internal service funds have been established to account for and finance the uninsured risks of loss.

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

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

Unpaid claims, June 30, 2016	\$	43,269
Incurred claims (including IBNR's)		10,284
Claim payments and adjustments		(8,608)
Unpaid claims, June 30, 2017		44,945
Incurred claims (including IBNR's)		13,690
Claim payments and adjustments		(12,403)
Unpaid claims, June 30, 2018	\$	<u>46,232</u>

**8. 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):

	Beginning Balance	Additions	Reclass	Reductions	Ending Balance	Due Within One Year
Successor Agency Bonds	\$ 217,147	\$ -	\$ -	\$ (9,788)	\$ 207,359	\$ 9,320
Pension obligation bonds	-	-	554	-	554	-
Notes Payable	4,728	-	-	(390)	4,338	448
	<u>\$ 221,875</u>	<u>\$ -</u>	<u>\$ 554</u>	<u>\$ (10,178)</u>	<u>\$ 212,251</u>	<u>\$ 9,768</u>

Successor Agency Bonds: Principal Outstanding

\$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. 12,835

\$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. 2,090

\$8,340 Downtown/Airport Merged Project Area and Casa Blanca Project Area 2007 Tax Allocation Bonds, Tax Exempt, Series A, serial bonds 4.0% to 4.25% due in annual installments from \$20 to \$590 through Aug. 1, 2025; \$4,980 term bonds at 4.5% due Aug. 1, 2029; \$410 term bonds at 4.375% due Aug. 1, 2037. 8,120

\$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. 10,800

\$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. 83,885

\$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. 28,135

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,

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2034. The rate of interest varies from 0.6% to 5% per annum.

Subtotal	51,040
Add: Unamortized bond premium	196,905
Total Successor Agency Bonds	<u>10,454</u>
	<u>\$207,359</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:

Fiscal Year	Principal	Interest	Total
2019	\$ 9,320	\$ 9,778	\$ 19,098
2020	9,830	9,288	19,118
2021	10,805	8,762	19,567
2022	11,405	8,197	19,602
2023	11,945	7,600	19,545
2024-2028	56,525	28,833	85,358
2029-2033	45,560	15,956	61,516
2034-2038	41,515	4,962	46,477
Premium	10,454	-	10,454
Total	<u>\$ 207,359</u>	<u>\$ 93,376</u>	<u>\$ 300,735</u>

**Pension Obligation Bonds – Successor Agency:**

In 2018, the 2005 and 2017 Taxable Pension Obligation Bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency to properly reflect their proportional share.

\$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; \$133 relates to the Successor Agency.

133

\$31,960 2017 Taxable Pension Obligation Bonds Series A; 1.25% to 3.125%, due in annual installments from \$2,910 to \$3,580 through June 1, 2027; \$421 relates to the Successor Agency.

421

Total Pension Obligation Bonds – Successor Agency

\$554

**Notes Payable – Successor Agency:**

Principal  
Outstanding

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

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

2,987

HUD Section 108 loan for 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.

420

Smith's Food & Drug Centers Inc., 6% payable in variable installments, subject to payment of annual Community Facilities District assessment.

931

Total Notes Payable – Successor Agency

\$ 4,338

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:

Fiscal Year	Principal	Interest	Total
2019	\$ 448	\$ 320	\$ 768
2020	31	310	341
2021	34	307	341
2022	38	304	342
2023	42	300	342
2024-2028	1,217	1,423	2,640
2029-2033	471	1,238	1,709
2034-2038	777	933	1,710
2039-2043	1,280	430	1,710
Total	<u>\$ 4,338</u>	<u>\$ 5,565</u>	<u>\$ 9,903</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.

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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.

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required) *	Annual Debt Service Payments (all of debt secured by this revenue)	Debt Service Coverage Ratio for FY 06/30/18
Property Taxes:			
Non-Housing	\$ 56,415	\$ 14,307	3.94
Housing	10,358	2,353	4.40

\* The computations above are based on the total tax increment generated for the year ended June 30, 2018 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, 2018, the City has several series of Assessment District and Community Facility District Bonds outstanding in the amount of \$42,375. 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.

## 9. 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. 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, 2018:

	Notional Amount	Fair Value as of 06/30/18	Change in Fair Value for Fiscal Year
Governmental activities			
2008 Renaissance Certificates of Participation	\$ 102,000	\$ (13,977)	\$ 5,521
Business-type activities			
2008 Electric Refunding/Revenue Bonds Series A	68,525	(4,777)	2,888
2008 Electric Refunding/Revenue Bonds Series C	41,975	(5,235)	2,207
2011 Electric Refunding/Revenue Bonds Series A	41,925	(5,216)	2,202
2011 Water Refunding/Revenue Bonds Series A	52,425	(5,593)	2,600
2012 Convention Center Financing	35,045	299	1,165

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

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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, 2018, 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
	Rates	Rates	Rates
Interest rate swap:			
Fixed payment to counterparty	3.11100%	3.20400%	3.20100%
Variable payment from counterparty	-0.47498%	-0.47558%	-0.44435%
Net interest rate swap payments	2.63602%	2.72842%	2.75665%
Variable rate bond coupon payments	0.39419%	0.39465%	0.36625%
Synthetic interest rate on bonds	3.03021%	3.12307%	3.12290%

	2011 Water Refunding/ Revenue Bonds Series A	2008 Renaissance COPs	2012 Convention Center Financing
	Rates	Rates	Rates
Interest rate swap:			
Fixed payment to counterparty	3.20000%	3.36200%	3.24000%
Variable payment from counterparty	-0.41887%	-0.43840%	-1.90203%
Net interest rate swap payments	2.78113%	2.92360%	1.33797%
Variable rate bond coupon payments	0.32721%	0.41818%	1.90203%
Synthetic interest rate on bonds	3.10834%	3.34178%	3.24000%

**Fair Value:** As of June 30, 2018, in connection with all swap arrangements, the transactions had a combined net negative fair value of (\$34,499). 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 not exposed to credit risk on the 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+, BBB+ 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, 2018, 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, 2018, the debt service requirements of the variable-rate debt and net swap payments assuming current interest rates remain the same, for their term are summarized in the following table. As rates vary, variable-rate bond interest payments and net swap payments will vary.



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Fiscal Year	<u>Variable-Rate Bonds</u>			Total
	Principal	Interest	Interest Rate Swaps, Net	
2019	\$ 13,516	\$ 1,905	\$ 9,344	\$ 24,765
2020	16,610	1,809	8,917	27,336
2021	17,262	1,718	8,458	27,438
2022	17,823	1,621	7,979	27,423
2023	18,310	1,519	7,488	27,317
2024-2028	88,561	6,103	30,579	125,243
2029-2033	102,849	3,308	17,655	123,812
2034-2038	71,290	473	3,468	75,231
Total	<u>\$ 346,221</u>	<u>\$ 18,456</u>	<u>\$ 93,888</u>	<u>\$ 458,565</u>

**10. Economic Contingency**

A portion of fund balance has been committed within the General Fund for future economic contingencies. The amount that has been set aside is equal to approximately 20% of the 2018-2019 General Fund adopted expenditure budget.

**11. 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, 2018:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 633
	Nonmajor Enterprise Funds	225
		<u>858</u>
Electric Fund	Central Stores Fund *	305
Water Fund	Central Stores Fund *	131
Total		<u>\$ 1,294</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, 2018:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
Sewer Fund	Nonmajor Governmental Funds	\$ 3,992
Self-Insurance Trust Fund *	Central Garage Fund*	335
Central Garage Fund *	Nonmajor Governmental Funds	2,068
Total		<u>\$ 6,395</u>

\* Internal service fund

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 Funds</u>	<u>Amount</u>
Nonmajor Governmental Funds	3,327
Electric Fund	4,227
Total	<u>\$ 7,554</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 for the year ended June 30, 2018:

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<u>Transfers In Funds</u>	<u>Transfers Out Funds</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 12,186
	Electric Fund	40,073
	Water Fund	6,173
	Sewer Fund	900
		<u>59,332</u>
Capital Outlay Fund	General Fund	6,276
	Nonmajor Governmental Funds	36
		<u>6,312</u>
Nonmajor Governmental Funds	General Fund	31,041
	Capital Outlay Fund	3,004
	Nonmajor Governmental Funds	57
	Nonmajor Enterprise Funds	3,028
		<u>37,130</u>
Nonmajor Enterprise Funds	General Fund	8,421
	Nonmajor Enterprise Funds	1,721
	Governmental Activities **	294
		<u>10,436</u>
Liability Insurance Trust Fund *	General Fund	5,000
	Total	<u>\$ 118,210</u>

\* Internal service fund

\*\* Transfer of assets, net (\$41,639) and liabilities (\$41,345) from Governmental Activities re establishment of the Civic Entertainment Fund

## 12. Deficit Net Position

Deficit net position exists in the Self-Insurance Internal Service Fund (\$30,624). This City adopted a Self-Insurance Reserve Policy that will address the on-going deficit in fund balance. In the past, the City began funding a portion of the deficit in the internal service fund via self-insurance rate increases phased in over several years. However, the increases continue to be 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. However, the Self-Insurance Reserve Policy specifically address minimum cash balance requirements in the Self-Insurance Trust Fund in-line with best practices. In conjunction with the new reserve policy, City Council has approved a funding plan to increase the cash reserve balances over the next

two fiscal years. The plan calls for cash contributions of \$2,500 for the next fiscal year. Implementation of the reserve policy, the cash funding approved by City Council and the increased rates should provide the fund greater financial stability for future needs.

Deficit net position exists in the Successor Agency Private-Purpose Trust Fund (\$149,658). 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.

## 13. 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.

## 14. 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. Benefit provisions and all other requirements are established by state statute and City ordinance. A copy of CalPERS' annual financial report may be obtained online at [www.calpersca.gov](http://www.calpersca.gov).

(B) Funding Policy. The City has contributed at the actuarially determined rate provided by CalPERS' actuaries. Participants are required to contribute 8% for miscellaneous employees and 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' contributions 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 Management) - The retirement formula is 3% at age 50 for employees hired on or before February 16, 2012 (RPOA, RPAA Management) or June 8,

2012 (RPOA Supervisory). Effective January 1, 2018, employees were required to pay 1.5% of their pensionable income, with the City contributing the other 7.5%. Only in the event that annual wages increase in excess of 2%, will the following apply: Effective January 1, 2019, employees will be required to pay an additional portion of their pensionable income. This portion is a three year increase of 1.5% (2019), 1.5% (2020) and 1.5% (2021). By 2021, employees will be contributing 6% of their pensionable income, with the City contributing the other 3%.

- 2<sup>nd</sup> Tier (RPOA, RPOA Supervisory & RPAA Management) - The retirement formula is 3% at age 50 for RPOA and RPAA Management employees hired on or after February 17, 2012 and RPOA Supervisory employees hired on or after June 8, 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 normal cost to CalPERS which is currently at 11.50%. 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. Effective January 1, 2019, employees will be required to pay a portion of their pensionable income. This portion is a three year increase of 2.5% (2019), 2.5% (2020) and 3% (2021). By 2021, employees will be contributing 8% of their pensionable income.
- 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. A new member, as defined by the Public Employees' Pension Reform Act (PEPRA), hired on or after January 1, 2013 pay 50% of the normal cost to CalPERS which is currently 11.50% of compensation.

**Miscellaneous:**

- 1<sup>st</sup> Tier –
  - The retirement formula is 2.7% at age 55 for employees hired on or before October 18, 2011. Effective January 1, 2018 for unrepresented employees (Sr. Management,

Management, Professional, Para-professional, Supervisory, Confidential, and Executive units, excluding the Chief of Police and the Fire Chief), the employees were required to pay 2% of their pensionable income, with the City contributing the other 6%. Effective January 1, 2019, employees will be required to pay an additional portion of their pensionable income. This portion is a three year increase of 2% (2019), 2% (2020) and 2% (2021). By 2021, employees will be contributing the entire 8% of their pensionable income.

- The retirement formula is 2.7% at age 55 for SEIU and SEIU Refuse employees hired before June 7, 2011. Currently, employees are required to pay 6% of their pensionable income with the City contributing the other 2%. Effective January 1, 2019, employees will be required to pay an additional portion of their pensionable income. This portion is a two year increase of 1% (2019) and 1% (2020). By 2020, employees will be contributing the entire 8% of their pensionable income.

- The retirement formula is 2.7% at age 55 for IBEW and IBEW Supervisory employees hired on or before October 18, 2011. Effective November 1, 2017 employees were required to pay 2% of their total pensionable income with the City paying the remaining 6%. Effective each November 1<sup>st</sup>, employees will be required to pay an additional portion of their pensionable income. This portion is a three year increase of 2% (2018), 2% (2019) and 2% (2020). By November 2020, employees will be contributing the entire 8% of their pensionable income.

- 2<sup>nd</sup> Tier - The retirement formula is 2.7% at age 55, and:
  - Miscellaneous employees, IBEW, and IBEW Supervisory hired on or after October 19, 2011 pay their share (8%) of contributions.
  - SEIU and SEIU Refuse employees hired on or after June 7, 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 normal cost to CalPERS which is currently at 7%. Classic

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

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

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

(D) Employees Covered - At June 30, 2017, the following employees were covered by the benefit terms of each Plan: Inactive employees or beneficiaries currently receiving benefits are 2,114 and 766 for the Miscellaneous and Safety Plans, respectively. Inactive employees entitled to but not yet receiving benefits are 1,325 and 165 for Miscellaneous and Safety Plans, respectively. Active employees were 1,599 and 556 for Miscellaneous and Safety Plans, respectively.

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

(F) Net Pension Liability - The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures.

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

Actuarial Assumptions – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	Depending on age, service, and type of employment.	
Investment Rate of Return	7.50% (1)	7.50% (1)
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	

(1) Net of pension plan investment expenses, including inflation

Discount Rate – The discount rate used to measure each plan's total pension liability as of June 30, 2017 was 7.15% a reduction from the previous discount rate of 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the discount rates used to measure total pension liability are adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rates are applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website.

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

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

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

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1 - 10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

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

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

*Miscellaneous*

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Balance at June 30, 2017	\$ 1,261,562	\$ 952,062	\$ 309,500
Changes in the year:			
Service Cost	24,766	-	24,766
Interest on Total Pension Liability	92,725	-	92,725
Changes of Assumptions	79,037	-	79,037
Differences between Expected and Actual Experience	(26,068)	-	(26,068)
Net Plan to Plan Resource Movement	-	116	(116)
Contribution - employer	-	30,477	(30,477)
Contribution - employee	-	6,115	(6,115)
Net Investment Income	-	104,771	(104,771)
Benefit Payments, including Refunds of Employee Contributions	(60,108)	(60,108)	-
Administrative Expenses	-	(1,406)	1,406
Net Changes	110,352	79,965	30,387
Balance at June 30, 2018	<u>\$ 1,371,914</u>	<u>\$ 1,032,027</u>	<u>\$ 339,887</u>

*Safety*

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Balance at June 30, 2017	\$ 936,802	\$ 695,450	\$ 241,352
Changes in the year:			
Service Cost	21,373	-	21,373
Interest on Total Pension Liability	70,337	-	70,337
Changes of Assumptions	59,768	-	59,768
Differences between Expected and Actual Experience	(18)	-	(18)
Net Plan to Plan Resource Movement	-	(119)	119
Contribution - employer	-	26,775	(26,775)
Contribution - employee	-	2,449	(2,449)
Net Investment Income	-	76,844	(76,844)
Benefit Payments, including Refunds of Employee Contributions	(47,009)	(47,009)	-
Administrative Expenses	-	(1,027)	1,027
Net Changes	104,451	57,913	46,538
Balance at June 30, 2018	<u>\$ 1,041,253</u>	<u>\$ 753,363</u>	<u>\$ 287,890</u>

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

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<i>Miscellaneous</i>		Current	
	Discount Rate	Discount Rate	Discount Rate
	<u>-1% (6.15%)</u>	<u>(7.15%)</u>	<u>+1% (8.15%)</u>
Plan's Net Pension Liability/(Asset)	\$ 531,959	\$ 339,887	\$ 182,557
<i>Safety</i>		Current	
	Discount Rate	Discount Rate	Discount Rate
	<u>-1% (6.15%)</u>	<u>(7.15%)</u>	<u>+1% (8.15%)</u>
Plan's Net Pension Liability/(Asset)	\$ 433,466	\$ 287,890	\$ 168,802

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

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

For the year ended June 30, 2018, the City recognized pension expense of \$54,879. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Miscellaneous</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date, net	\$ 29,948	\$ -
Changes of assumptions	56,380	
Differences between expected and actual experience	-	(22,573)
Net differences between projected and actual earnings on plan investments	14,658	-
Total	<u>\$ 100,986</u>	<u>\$ (22,573)</u>

<i>Safety</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date, net	\$ 25,286	\$ -
Differences between actual and actuarial determined contributions	-	-
Changes of assumptions	40,812	
Differences between expected and actual experience	-	(4,721)
Net differences between projected and actual earnings on plan investments	10,715	-
Total	<u>\$ 76,813</u>	<u>\$ (4,721)</u>

\$55,233 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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

Deferred Outflows/(Inflows) of Resources

Fiscal Year	Miscellaneous	Safety
2018	\$ 10,283	\$ 7,312
2019	30,838	22,099
2020	14,902	17,531
2021	(7,558)	(137)

**15. Other Post-Employment Benefits (OPEB)**

*Plan description* - The City's defined benefit OPEB plan, Retiree Health Plan, provides continuation of medical (including prescription drugs) and dental coverage benefits to retirees and surviving spouses in the form of an implied rate subsidy. The Retiree Health Benefits plan is a single employer defined benefit OPEB plan administered by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

*Benefits provided* - Eligibility for continuation of coverage requires retirement from the City and CalPERS with at least 5 years of City service. The retiree is responsible for 100% of the premium cost for coverage, which is based on the blended experience of both the active and retired employees. 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 benefit to eligible retirees

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and beneficiaries. Retiree and spousal coverage terminates when the retirees becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility age, which is currently age 65. However, retiree benefit continues to the surviving spouse if the retiree elects the CalPERS survivor annuity.

Employees covered by benefit terms – At June 30, 2017, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	304
Active plan members	2,121
Total	<u>2,425</u>

**Significant Actuarial Assumptions Used in Calculating the Total OPEB Liability**

The total OPEB liability was determined by actuarial valuation as of June 30, 2017 using the following actuarial assumptions:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2017
Funding Policy:	Pay-as-you-go for implicit rate subsidy
Discount Rate:	3.40% per annum. This discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.
Inflation Rate:	2.75% per annum
Salary Inflation:	3.0% per annum
Salary Increases	The benefits are not payroll related but the City's cost for each individual's projected City contribution is allocated over their lifetime as a level-percentage of pay. For cost method purposes the merit increases from the most recent CalPERS pension plan valuation will be used
Mortality	CalPERS 2014 Experience Study

**Sensitivity analysis of total OPEB liability for healthcare cost trend rates**

The following presents the total OPEB liability, calculating using the healthcare cost trend rate of 6.00%/HMO and 6.50%/PPO, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%/HMO and 5.50%/PPO) or 1-percentage-point higher (7.00%/HMO and 7.50%/PPO) than the current rate:

	1% Decrease	Current healthcare cost trend rates	1% Increase
Total OPEB liability	\$ 33,065	\$ 36,786	\$ 41,136

**Sensitivity analysis of total OPEB liability for discount rates**

The following presents the total OPEB liability, calculating using the discount rate of 3.40%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.40%) or 1-percentage-point higher (4.40%) than the current rate:

	1% Decrease	Current discount rate	1% Increase
Total OPEB liability	\$ 39,886	\$ 36,786	\$ 33,967

**Change in total OPEB liability**

For fiscal year 2018, the City recognized total OPEB expense of \$3,436. The following table shows the change in the total OPEB liability for the year ended June 30, 2018:

	2017
Beginning total OPEB liability	\$ 36,542
Service cost	2,554
Interest	1,090
Changes of assumptions	(1,668)
Benefit of implied subsidy payments	(1,732)
Net changes	<u>244</u>
Ending total OPEB liability	<u>\$ 36,786</u>

**Deferred outflows/inflows of Resources**

At June 30, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred inflows of resources
Changes of assumptions	\$ 1,459
Total	<u>\$ 1,459</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Deferred inflows of resources
2018	\$ (209)
2019	(209)
2020	(209)
2021	(209)
2022	(209)
Thereafter	(414)
	<u>\$ (1,459)</u>

#### 16. Commitments and Contingencies

##### 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, known as Intermountain Power Project (IPP), 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 and other fixed costs. Such payments are considered a cost of production.

On September 29, 2006, Senate Bill 1368 (SB 1368) was enacted into law. The bill requires electric service providers to limit financial investments in power plants to those that adhere to greenhouse gas performance standards as determined by the Public Utilities Commission. Pursuant to this legislation, the Electric Utility is prohibited from renewing its participation in IPP if it remains a coal fueled generating resource. On June 16, 2015, the City Council approved the Intermountain Power Project renewal agreements, including the Second Amendatory Power Sales Contract and the Renewal Power Sales Contract, and authorized participation in the IPP renewal subscription process. The Second Amendatory Power Sales Contract became effective March 16, 2016. The generation component of IPP under the Renewal Power Sales Contract (Repower Project) is envisioned to be a natural gas fueled combined cycle plant with total capacity of 1,200 MW. The Renewal Power Sales

Contract contemplates a term of fifty years, through June 2077 for the Repower Project. The Electric Utility is authorized to participate in the subscription process for up to 5 percent of the Repower Project or approximately 60 MW. On January 5, 2017, the Electric Utility executed the Renewal Power Sales Contract and all other necessary documents for the first two rounds of the subscription process. The Electric Utility accepted an offer of 4.167 percent entitlement or 50 MW generation capacity in the IPP Repower Project based on the 1,200 MW designed capacity, which is within the maximum participation level approved by the City Council. The Electric Utility's corresponding Southern Transmission System allocation is 5.278 percent or approximately 127 MW. The IPP Repower Project renewal subscription process was completed after two rounds on January 17, 2017 and all entitlements in the project were fully subscribed. The Electric Utility's reduced power would allow it to diversify its energy portfolio in the future. Further, under the Renewal Power Sales Contract, the Electric Utility has the right to exit from the Repower Project by no later than November 1, 2019, if it is determined that the Repower Project is not cost beneficial to its customers.

The Electric Utility is a member of the Southern California Public Power Authority (SCPPA), a joint powers agency. SCPPA provides for the financing and construction of electric generating and transmission projects for participation by some or all of its members. To the extent the Electric Utility participates in projects developed by SCPPA, it has entered into Power Purchase or Transmission Service Agreements, entitling the Electric Utility to the power output or transmission service, as applicable, and the Electric Utility will be obligated for its proportionate share of the project costs whether or not such generation output of transmission service is available.

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

Project	Percent Share	Entitlement	Final Maturity	Contract Expiration
Palo Verde Nuclear Generating Station	5.40%	12.3 MW	2017	2030
Southern Transmission System	10.20%	244.0 MW	2027	2027
Mead-Phoenix Transmission	4.00%	18.0 MW	2020	2030
Mead-Adelanto Transmission	13.50%	118.0 MW	2020	2030

##### 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



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commitments. Take-or-pay commitments terminate upon the later of contract expiration or final maturity of outstanding bonds for each project.

The outstanding debts associated with the take-or-pay obligations have fixed interest rates which range from 1.43 percent to 5.75 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.

Debt Service Payment (in thousands) Year Ending June 30,	IPA	SCPPA			TOTAL
	Intermountain Power Project	Southern Transmission System	Mead- Phoenix Transmission	Mead- Adelanto Transmission	All Projects
2019	17,345	7,893	257	2,881	28,376
2020	17,232	6,913	254	2,859	27,258
2021	15,829	7,926	189	2,136	26,080
2022	10,834	9,448	-	-	20,282
2023	8,059	7,258	-	-	15,317
2024-2028	840	20,175	-	-	21,015
Total	\$ 70,139	\$ 59,613	\$ 700	\$ 7,876	\$ 138,328

In addition to debt service, the Electric Utility's entitlements require the payment of fuel costs, operating and maintenance, administrative and general and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service and vary each year. The costs incurred for the year ended June 30, 2018 is as follows (in thousands):

FISCAL YEAR	Intermountain Power Project	Palo Verde Nuclear Generating Station	Southern Transmission System	Hoover Dam Upgrading	Mead- Phoenix Transmission	Mead- Adelanto Transmission	All Projects
2018	\$ 20,755	\$ 3,653	\$ 3,529	\$ 14	\$ 58	\$ 302	\$28,311
2017	\$ 23,000	\$ 3,285	\$ 2,712	\$ 58	\$ 64	\$ 254	\$29,373

These costs are included in production and purchased power or transmission expense on the Statements of Revenues, Expenses and Changes in Net Position.

The Electric Utility has become a Participating Transmission Owner with the California Independent System Operator (CAISO) and has turned over the operational control of its transmission entitlements including the Southern Transmission System, Mead-Phoenix and Mead-Adelanto Transmission Projects. In return, users of the California's high voltage transmission grid are charged for, and the Electric Utility receives reimbursement for, transmission

revenue requirements, including the costs associated with these three transmission projects.

### Hoover Upgrading Project

The Electric Utility's entitlement in the Hoover project through SCPPA will terminate on September 30, 2017. In March 2014, the Electric Utility prepaid its share of outstanding debt incurred by the Bureau of Reclamation in connection with the acquisition and construction of the Hoover Power Project Visitors Center and Air Slots. The payment of principal and interest on the debt is a component of the cost of power and energy payable by Hoover contractors, which includes SCPPA participants that receive power from the Hoover Power Project under agreements with the Western Area Power Administration. Because Bureau Debt bears interest at rates that are substantially higher than current market interest rates, the Electric Utility elected to prepay the debt in order to realize savings on power costs in the future. The Electric Utility's share of the debt is recorded on the statements of net position as unamortized purchased power to be amortized over the remaining term of the project through 2017. As of June 30, 2018, the balance was fully amortized.

On August 23, 2016, the City Council approved a 50-year Electric Service Contract (ESC) and an Amended and Restated Implementation Agreement (IA) with the Western Area Power Administration (Western), Bureau of Reclamation for 30 MW of hydroelectric power. The contract with Western will be effective October 1, 2017. The ESC extends the Electric Utility's 30 MW entitlement in the Hoover project an additional 50 years. The IA is a supplemental agreement to the ESC that establishes administrative, budgetary and project oversight by creating project committees and process for decision making plant operations.

### Nuclear Insurance

The Price-Anderson Act (the Act) requires that all utilities with nuclear generating facilities purchase the maximum private primary nuclear liability insurance available (\$450 million) and participate in the industry's secondary financial protection plan. The secondary financial protection program is the industry's retrospective assessment plan that uses deferred premium charges from every licensed reactor owner if claims and/or costs resulting from a nuclear incident at any licensed reactor in the United States were to exceed the primary nuclear insurance at that plant's site. Effective April 7, 2018, the Act limits liability from third-party claims to approximately \$13.1 billion per incident. Under the industry wide retrospective assessment program provided

for under the Act, assessments are limited to \$127.3 million per reactor for each nuclear incident occurring at any nuclear reactor in the United States, with payments under the program limited to \$19.0 million per reactor, per year, per event to be indexed for inflation every five years. Based on the Electric Utility's interest in Palo Verde and ownership in SONGS, the Electric Utility would be responsible for a maximum assessment of \$5.8 million, limited to payments of \$0.9 million per incident, per year. If the public liability limit above is insufficient, federal regulations may impose further revenue-raising measures to pay claims, including a possible additional assessment on all licensed reactor operators.

#### Renewable Portfolio Standards (RPS)

On April 12, 2011, the California Renewable Energy Resources Act (SBX1-2) was passed by the State Legislative and signed by the Governor. SBX1-2 revised the amount of statewide retail electricity sales from renewable resources in the State Renewable Energy Resources Program to 33 percent by December 31, 2020 in three stages: average of 20 percent of retail sales during 2011-2013; 25 percent of retail sales by December 31, 2016; and 33 percent of retail sales by December 31, 2020. The Riverside Public Utilities Board and City Council approved the enforcement program required by SBX1-2 on November 18, 2011 and December 13, 2011, respectively, and further approved the Electric Utility's RPS Procurement plan implementing the new RPS mandates on May 3, 2013 and May 14, 2013, respectively. The Electric Utility met the 20 percent mandates from 2011-2013 and the 25 percent mandate by December 31, 2016. The additional future mandates are expected to be met with resource procurement actions as outlined in the Electric Utility's RPS Procurement Plan. For calendar year 2017, renewable resources provided 36 percent of retail sales requirements.

On September 11, 2015, California legislature passed Senate Bill 350 (SB 350) increasing the RPS mandate beyond December 31, 2020 above 33 percent to 50 percent by December 31, 2030. SB 350 was signed into law by the Governor on October 7, 2015. The Electric Utility expects to be able to substantially meet the increased RPS mandates imposed by SB 350 with the portfolio of renewable resources outlined below.

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

On September 10, 2018, the 100 Percent Clean Energy Act of 2018 (SB 100) was signed. This bill further increases the RPS goals of SBX1-2 and SB 350 by maintaining the 33 percent RPS target by December 31, 2020, while modifying the RPS percentages to be 44 percent by December 31, 2024, 52 percent by December 31, 2027, 60 percent by December 31, 2030, with an end goal of 100 percent of total retail sales of electricity in California generated from eligible renewable energy resources and zero-carbon resources by December 31, 2045. It is expected that the CEC will have further guidance and enforcement procedures for POUs. RPU will continue to monitor the outcome and impacts of any upcoming workshops and regulations in meeting the new requirements.

Long-term renewable PPAs and PSAs in operation (dollars in thousands):

Supplier	Type	Maximum	Contract	Estimated
		Contract <sup>1</sup>	Expiration	Annual Cost For 2019
Salton Sea Power LLC	Geothermal	46.0 MW	5/31/2020	\$ 29,165
Wintec Energy, Ltd.	Wind	1.3 MW	12/30/2018	124
WKN Wagner	Wind	6.0 MW	12/22/2032	1,318
SunEdison - AP North Lake	Photovoltaic	20.0 MW	8/11/2040	4,623
Dominion - Columbia II	Photovoltaic	11.1 MW	12/22/2034	2,314
GlidePath Power Solutions - GPS Cabazon Wind LLC	Wind	39.0 MW	1/1/2025	4,299
Capital Dynamics - Kingbird Solar B, LLC	Photovoltaic	14.0 MW	12/31/2036	2,867
FTP Solar				
sPower - Summer Solar	Photovoltaic	10.0 MW	12/31/2041	1,748
sPower - Antelope Big Sky Ranch	Photovoltaic	10.0 MW	12/31/2041	1,748
sPower - Antelope DSR 1 Solar	Photovoltaic	25.0 MW	12/19/2036	3,826
Capital Dynamics - Tequesquite Landfill Solar	Photovoltaic	7.3 MW	12/31/2040	1,341
American Renewable Power-Loyalton	Biomass	0.8 MW	4/19/2023	615
CalEnergy - Salton Sea Portfolio Phase 1	Geothermal	20.0 MW	12/31/2039	12,187
Total		210.5 MW		\$ 66,175

<sup>1</sup> All contracts are contingent on energy delivery from specific related generating facilities. The Electric Utility has no commitment to pay any amounts except for energy delivered on a monthly basis from these facilities except for any economic curtailments directed by the Electric Utility.

Long-term renewable PPAs with expected delivery:

Supplier	Type	Maximum	Expected	Energy	Contract
		Contract <sup>1</sup>	Delivery	Delivery No Later Than	Term In Years
CalEnergy - Salton Sea Portfolio Phase 2	Geothermal	20.0 MW	1/1/2019	1/1/2019	21
CalEnergy - Salton Sea Portfolio Phase 3	Geothermal	46.0 MW	6/1/2020	6/1/2020	20
Total		66.0 MW			

<sup>1</sup> All contracts are contingent on energy delivered from specific related generating facilities. The Electric Utility has no commitment to pay any amounts except for energy delivered on a monthly basis from these facilities except for any economic curtailments directed by the Electric Utility.

#### Cap-and-Trade Program

Assembly Bill (AB) 32, enacted in 2006, mandated that the California Air Resources Board (CARB) develop regulations for the reduction of greenhouse gas (GHG) emissions to the 1990 levels by the year 2020. In January 2013, emission compliance obligations developed by CARB began under the Cap-and-Trade Program (Program). This Program requires electric utilities to have GHG allowances on an annual basis to offset GHG emissions associated with generating electricity. To ease the transition and mitigate the rate impacts to retail customers, CARB will allocate certain amounts of GHG allowances at no cost to electrical distribution utilities. The Electric Utility's free allocation of GHG allowances is expected to be sufficient to meet the Electric Utility's direct GHG compliance obligations.

At times, the Electric Utility may have allocated allowances in excess of its compliance obligations that can be sold into the CARB quarterly auctions. In fiscal year ended June 30, 2018, the Electric Utility received \$8,131 in proceeds related to the sale of the GHG allowances which are included on the Statements of Revenues, Expenses and Changes in Net Position as operating revenue. The Electric Utility has established a restricted Regulatory Requirement reserve to comply with regulatory restrictions and governing requirements related to the use of the GHG proceeds. The available funds are to be utilized for qualifying projects, consistent with the goals of AB 32 to benefit the retail ratepayers. The balance in the Regulatory Requirement reserve was \$16,093 as of June 30, 2018.

The Electric Utility also purchases GHG allowances which can be used in future periods for GHG compliance regulations. The balance of purchased GHG allowances was \$1,097 as of June 30, 2018 and is recorded as inventory in the statement of net position.

#### 17. Tax Abatements

In November 2012, the City entered into a tax sharing agreement with a local business to incentivize an expansion of their facility. Assistance is provided in the form of a rebate of sales and property taxes over fifteen years in an amount not to exceed \$4,500. The agreement expires on the earlier of: 1) total cumulative tax rebate of \$4,500; or 2) fifteen years in fiscal 2027-28.

Incremental Sales Tax Revenue can be generated from sales, over the fiscal 2011-12 base period, reported to the State Board of Equalization at the business site and from third party vendor transactions occurring using the business site as the point of sale. Incremental Property Tax Revenue is generated from the increase in County assessed valuation over the 2012-13 base period values, for the parcels designated in the agreement. For parcels acquired after 2012-13 in the project area, the acquisition price will become its base year valuation. The initial 2012-13 base year assessed valuation is \$114,293 and has been adjusted to \$125,043 for the parcels acquired in 2014-15. The business is due 100% of the incremental Property tax revenue due to the City from the project area tax rate. It is calculated as 11% of the value determined from taking 1% of the difference of current net assessed valuation over the adjusted base valuation. The cumulative rebate payment as of June 30, 2018 is \$327.

#### 18. Prior Period Adjustments

A prior period adjustment of \$23,096 was made to decrease the General Fund's fund balance related to the elimination of advances related to the Pension Obligation Bonds. The 2005 and 2017 Taxable Pension Obligation Bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency to properly reflect their proportional share.

The restatement of beginning fund balance of the General Fund is summarized as follows:

<u>General Fund</u>	
Net position at July 1, 2017, as previously stated	\$ 83,070
Elimination of Advances related to POBs	(23,096)
Net position at July 1, 2017, as restated	<u>\$ 59,974</u>

Prior period adjustments of \$1,001 and \$617 were made to decrease the governmental activities' and the business-type activities' net position, respectively. The adjustment were made to reflect the prior period costs related to the net OPEB liability.

The restatement of beginning net position of the governmental activities and business-type activities are summarized as follows:

**City of Riverside**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

(amounts expressed in thousands)

Governmental Activities

Net position at July 1, 2017, as previously stated	\$ 845,116
Net OPEB liability	(1,001)
Net position at July 1, 2017, as restated	<u>\$ 844,115</u>

Internal Service Funds

Net position at July 1, 2017, as previously stated	\$ (81,914)
Net OPEB liability	(37)
Net position at July 1, 2017, as restated	<u>\$ (81,951)</u>

Business-Type Activities

Electric Fund

Net position at July 1, 2017, as previously stated	\$ 484,201
Net OPEB liability	(328)
Net position at July 1, 2017, as restated	<u>\$ 483,873</u>

Water Fund

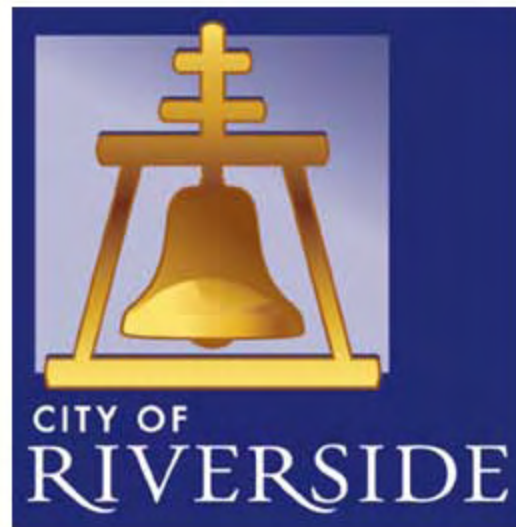
Net position at July 1, 2017, as previously stated	\$ 305,418
Net OPEB liability	(125)
Net position at July 1, 2017, as restated	<u>\$ 305,293</u>

Sewer Fund

Net position at July 1, 2017, as previously stated	\$ 205,531
Net OPEB liability	(85)
Net position at July 1, 2017, as restated	<u>\$ 205,446</u>

Non-Major Business-Type activities

Net position at July 1, 2017, as previously stated	\$ 46,380
Net OPEB liability	(79)
Net position at July 1, 2017, as restated	<u>\$ 46,301</u>



## **Required Supplementary Information**

### **Consists of the following:**

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

City of Riverside  
Required Supplementary Information - Unaudited

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

	6/30/2017		6/30/2016		6/30/2015		6/30/2014	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
<b>TOTAL PENSION LIABILITY</b>								
Service Cost	\$ 24,766	\$ 21,373	\$ 22,189	\$ 18,144	\$ 22,228	\$ 18,187	\$ 23,320	\$ 18,818
Interest	92,725	70,337	90,913	67,513	87,436	64,815	84,965	62,249
Changes of Assumptions	79,037	59,768	-	-	(21,782)	(16,117)	-	-
Difference Between Expected and Actual Experience	(26,068)	(18)	(8,417)	(4,373)	(23,548)	(6,835)	-	-
Benefit Payments, Including Refunds and Employee Contribution	(60,108)	(47,009)	(57,702)	(44,609)	(53,853)	(42,076)	(50,770)	(38,981)
<b>Net Change in Total Pension Liability</b>	<b>\$ 110,352</b>	<b>\$ 104,451</b>	<b>\$ 46,983</b>	<b>\$ 36,675</b>	<b>\$ 10,481</b>	<b>\$ 17,974</b>	<b>\$ 57,515</b>	<b>\$ 42,086</b>
<b>Total Pension Liability - Beginning</b>	<b>1,261,562</b>	<b>936,802</b>	<b>1,214,579</b>	<b>900,127</b>	<b>1,204,098</b>	<b>882,153</b>	<b>1,146,583</b>	<b>840,067</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 1,371,914</b>	<b>\$ 1,041,253</b>	<b>\$ 1,261,562</b>	<b>\$ 936,802</b>	<b>\$ 1,214,579</b>	<b>\$ 900,127</b>	<b>\$ 1,204,098</b>	<b>\$ 882,153</b>
<b>PLAN FIDUCIARY NET POSITION</b>								
Contributions - Employer	\$ 30,477	\$ 26,775	\$ 29,426	\$ 26,483	\$ 25,996	\$ 23,384	\$ 27,583	\$ 23,156
Contributions - Employee	6,115	2,449	5,187	1,837	4,380	924	2,294	365
Net Investment Income	104,771	76,844	4,958	3,478	21,671	15,632	145,843	107,032
Benefit Payments, Including Refunds and Employee Contribution	(60,108)	(47,009)	(57,702)	(44,609)	(53,853)	(42,076)	(50,770)	(38,981)
Administrative and Other Expenses	(1,290)	(1,146)	(594)	(428)	(1,056)	(816)	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>\$ 79,965</b>	<b>\$ 57,913</b>	<b>\$ (18,725)</b>	<b>\$ (13,239)</b>	<b>\$ (2,862)</b>	<b>\$ (2,952)</b>	<b>\$ 124,950</b>	<b>\$ 91,572</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>952,062</b>	<b>695,450</b>	<b>970,787</b>	<b>708,689</b>	<b>973,649</b>	<b>711,641</b>	<b>848,699</b>	<b>620,069</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>1,032,027</b>	<b>753,363</b>	<b>952,062</b>	<b>695,450</b>	<b>970,787</b>	<b>708,689</b>	<b>973,649</b>	<b>711,641</b>
<b>Plan Net Pension Liability Ending (a)-(b)</b>	<b>\$ 339,887</b>	<b>\$ 287,890</b>	<b>\$ 309,500</b>	<b>\$ 241,352</b>	<b>\$ 243,792</b>	<b>\$ 191,438</b>	<b>\$ 230,449</b>	<b>\$ 170,512</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>75.23%</b>	<b>72.35%</b>	<b>75.47%</b>	<b>74.24%</b>	<b>79.93%</b>	<b>78.73%</b>	<b>80.86%</b>	<b>80.67%</b>
<b>Total - Employee Payroll</b>	<b>\$ 116,465</b>	<b>\$ 68,459</b>	<b>\$ 114,521</b>	<b>\$ 64,778</b>	<b>\$ 113,850</b>	<b>\$ 64,648</b>	<b>\$ 113,869</b>	<b>\$ 64,715</b>
<b>Net Pension Liability as a Percentage of Total - Employee Payroll</b>	<b>291.84%</b>	<b>420.53%</b>	<b>270.26%</b>	<b>372.58%</b>	<b>214.13%</b>	<b>296.12%</b>	<b>202.38%</b>	<b>263.48%</b>

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

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit also know as Golden Handshakes.

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.5% (net of administrative expenses) to 7.65% (without a reduction for pension plan administrative expenses). In 2014, amounts reported were based on the 7.5% discount rate.

**City of Riverside**  
**Required Supplementary Information - Unaudited**

**Schedule of Plan Contributions (Thousands)**  
Last 10 Years \*

	<b>2017-18 *</b>		<b>2016-17 *</b>		<b>2015-16 *</b>		<b>2014-15 *</b>	
	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>
Actuarially Determined Contribution	\$26,955	\$23,076	\$24,885	\$21,886	\$21,063	\$ 18,452	\$ 20,505	\$ 17,341
Contributions in Relation to the Actuarially Determined Contribution	(30,477)	(26,775)	(29,426)	(26,483)	(25,997)	(23,384)	(27,584)	(23,156)
Contribution Excess	<u>\$ (3,522)</u>	<u>\$ (3,699)</u>	<u>\$ (4,541)</u>	<u>\$ (4,597)</u>	<u>\$ (4,934)</u>	<u>\$ (4,932)</u>	<u>\$ (7,079)</u>	<u>\$ (5,815)</u>
Total Covered Payroll	\$121,957	\$68,251	\$116,465	\$68,459	\$114,521	\$64,778	\$113,850	\$64,648
Contributions as a Percentage of Total - Covered Payroll	22.10%	33.81%	21.37%	31.97%	18.39%	28.48%	18.01%	26.82%

**Notes to Schedule**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2014 public agency valuations.

Actuarial Cost Method  
Amortization Method/Period  
Asset Valuation Method  
Inflation  
Salary increases  
Payroll Growth  
Investment rate of return

Entry Age Normal  
Level Percent of Payroll  
Market Value of Asset  
2.75%  
Varies by Entry Age and Service  
3.00%  
7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation

Retirement age

The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011.

Mortality

The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

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

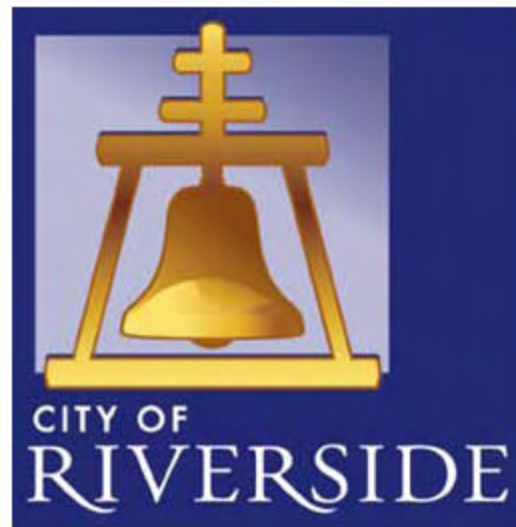
Other Information:

For changes to previous year's information, refer to past GASB 68 reports.



**City of Riverside**  
**Required Supplementary Information - Unaudited**  
**Schedule of Changes in Total OPEB Liability and Related Ratio**

Reporting period June 30,	2018
Measurement period June 30,	2017
Beginning Total OPEB Liability	<u>\$ 36,542</u>
Service Cost	2,554
Interest	1,090
Changes in Assumptions	(1,668)
Benefit of Implied Subsidy Payments	<u>(1,732)</u>
Net Changes	<u>244</u>
Ending Total OPEB Liability	<u><u>\$ 36,786</u></u>
Covered - Employee Payroll	\$ 170,858
Total OPEB Liability as Percentage of Covered Employee Payroll	21.53%



## **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.

**Special Districts Fund** – To account for Loving Homes, Village at Canyon Crest, Sycamore Highlands, Riverwalk, Riverwalk Parks Projects, and Street Lighting districts.

**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, 2018  
(amounts expressed in thousands)

	Special Revenue							
	Urban Areas Security Initiative	Gas Tax	Air Quality Improvements	Housing & Community Development	NPDES Storm Drain	Special Districts	Housing	Total
<b>Assets</b>								
Cash and investments	\$ -	\$ 14,990	\$ 1,070	\$ 3,239	\$ 425	\$ 558	\$ 12,277	\$ 32,559
Receivable (net of allowance for uncollectibles):								
Interest	-	50	4	13	-	-	43	110
Property taxes	-	-	-	-	-	101	-	101
Accounts	-	34	-	2	-	-	-	36
Intergovernmental	609	399	104	2,161	190	-	-	3,463
Notes	-	-	-	13,845	-	-	24,239	38,084
Prepaid items	-	-	-	30	-	-	-	30
Advances to Successor Agency Trust Fund	-	-	-	-	-	-	3,327	3,327
Land & improvements held for resale	-	-	-	443	-	-	2,654	3,097
Total assets	<u>\$ 609</u>	<u>\$ 15,473</u>	<u>\$ 1,178</u>	<u>\$ 19,733</u>	<u>\$ 615</u>	<u>\$ 659</u>	<u>\$ 42,540</u>	<u>\$ 80,807</u>
<b>Liabilities</b>								
Accounts payable	\$ 59	\$ 284	\$ 44	\$ 1,539	\$ 9	\$ 31	\$ 19	\$ 1,985
Accrued payroll	-	-	-	2	1	-	2	5
Retainage payable	-	511	-	-	-	-	-	511
Intergovernmental	-	-	-	-	-	6	-	6
Due to other funds	550	-	-	-	-	-	-	550
Total liabilities	<u>609</u>	<u>795</u>	<u>44</u>	<u>1,541</u>	<u>10</u>	<u>37</u>	<u>21</u>	<u>3,057</u>
<b>Deferred Inflows of Resources</b>								
Unavailable revenue	-	-	-	14,288	-	-	24,239	38,527
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,288</u>	<u>-</u>	<u>-</u>	<u>24,239</u>	<u>38,527</u>
<b>Fund Balances</b>								
Nonspendable:								
Inventories, prepaids and deposits	-	-	-	30	-	-	-	30
Advances	-	-	-	-	-	-	3,327	3,327
Restricted for:								
Housing and redevelopment	-	-	-	3,874	-	-	14,953	18,827
Transportation and public works	-	14,678	1,134	-	605	622	-	17,039
Total fund balances	<u>-</u>	<u>14,678</u>	<u>1,134</u>	<u>3,904</u>	<u>605</u>	<u>622</u>	<u>18,280</u>	<u>39,223</u>
Total liabilities deferred inflows of resources, and fund balances	<u>\$ 609</u>	<u>\$ 15,473</u>	<u>\$ 1,178</u>	<u>\$ 19,733</u>	<u>\$ 615</u>	<u>\$ 659</u>	<u>\$ 42,540</u>	<u>\$ 80,807</u>

Continued

City of Riverside  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018  
(amounts expressed in thousands)

	Capital Projects					Permanent Fund	Total Nonmajor Governmental Funds
Assets	Special Capital Improvement	Storm Drain	Transportation	Total	General Debt Service	Library Special	
Cash and investments	\$ 4,192	\$ 1,579	\$ -	\$ 5,771	\$ 583	\$ 1,498	\$ 40,411
Cash and investments at fiscal agent	1,084	-	-	1,084	13,174	-	14,258
Receivable (net of allowance for uncollectibles):							
Interest	16	5	-	21	23	-	154
Property taxes	-	-	-	-	112		213
Accounts	-	-	-	-	30	-	66
Intergovernmental	225	-	95	320	-	-	3,783
Notes	-	-	-	-	-	-	38,084
Prepaid items	-	-	-	-	385	-	415
Advances to Successor Agency Trust Fund	-	-	-	-	-	-	3,327
Land & improvements held for resale	-	-	-	-	-	-	3,097
Total assets	\$ 5,517	\$ 1,584	\$ 95	\$ 7,196	\$ 14,307	\$ 1,498	\$ 103,808
Liabilities							
Accounts payable	\$ 8	\$ 13	\$ -	\$ 21	\$ 120	\$ -	\$ 2,126
Accrued payroll	-	-	-	-	-	-	5
Retainage payable	5	-	-	5	-	-	516
Intergovernmental	-	-	-	-	-	-	6
Due to other funds	-	-	83	83	-	-	633
Advance from other funds	3,399	-	-	3,399	2,661	-	6,060
Total liabilities	3,412	13	83	3,508	2,781	-	9,346
Deferred Inflows of Resources							
Unavailable revenue	225	-	-	225	17	-	38,769
Total deferred inflows of resources	225	-	-	225	17	-	38,769
Fund Balances							
Nonspendable:							
Inventories, prepaids and deposits	-	-	-	-	-	-	30
Advances	-	-	-	-	-	-	3,327
Permanent fund principal	-	-	-	-	-	1,498	1,498
Restricted for:							
Housing and redevelopment	-	-	-	-	-	-	18,827
Debt service	-	-	-	-	11,509	-	11,509
Transportation and public works	-	-	12	12	-	-	17,051
Other purposes	1,880	1,571	-	3,451	-	-	3,451
Total fund balances	1,880	1,571	12	3,463	11,509	1,498	55,693
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,517	\$ 1,584	\$ 95	\$ 7,196	\$ 14,307	\$ 1,498	\$ 103,808

City of Riverside  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2018  
(amounts expressed in thousands)

	Special Revenue							
	Urban Area Security Initiative	Gas Tax	Air Quality Improvement	Housing & Community Development	NPDES Storm Drain	Special Districts	Housing	Total
Revenues								
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	\$ 1,751	\$ 8,343	\$ 418	\$ 8,851	\$ -	\$ -	\$ -	\$ 19,363
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	1,215	3,896	-	5,111
Rental and investment income	-	65	4	88	1	-	109	267
Miscellaneous	-	-	207	262	-	-	898	1,367
Total revenues	1,751	8,408	629	9,201	1,216	3,896	1,007	26,108
Expenditures								
Current:								
General government	-	-	479	946	-	-	3,183	4,608
Public safety	1,751	-	-	-	-	4,557	-	6,308
Highways and streets	-	-	-	-	-	564	-	564
Culture and recreation	-	-	-	-	-	56	-	56
Capital outlay	-	8,451	-	8,134	1,122	-	-	17,707
Debt service:								
Principal	-	-	-	8	-	-	19	27
Interest	-	-	-	1	-	-	4	5
Total expenditures	1,751	8,451	479	9,089	1,122	5,177	3,206	29,275
Excess (deficiency) of revenues over (under) expenditures	-	(43)	150	112	94	(1,281)	(2,199)	(3,167)
Other financing sources (uses)								
Transfers in	-	-	-	49	-	1,903	124	2,076
Transfers out	-	-	(38)	-	-	-	-	(38)
Proceeds on retirement of capital assets	-	34	-	-	-	-	-	34
Total other financing sources (uses)	-	34	(38)	49	-	1,903	124	2,072
Net change in fund balances	-	(9)	112	161	94	622	(2,075)	(1,095)
Fund balances - beginning	-	14,687	1,022	3,743	511	-	20,355	40,318
Fund balances - ending	\$ -	\$ 14,678	\$ 1,134	\$ 3,904	\$ 605	\$ 622	\$ 18,280	\$ 39,223

Continued

**City of Riverside**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended June 30, 2018**  
**(amounts expressed in thousands)**

	Capital Projects					Permanent Fund	
	Special Capital Improvement	Storm Drain	Transportation	Total	General Debt Service	Library Special	Total Nonmajor Governmental Funds
<b>Revenues</b>							
Licenses and permits	\$ 2,287	\$ 140	\$ -	\$ 2,427	\$ -	\$ -	\$ 2,427
Intergovernmental	-	578	11	589	-	-	19,952
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	18	-	18
Special assessments	-	-	-	-	1,096	-	6,207
Rental and investment income	22	7	-	29	705	15	1,016
Miscellaneous	86	-	-	86	469	96	2,018
Total revenues	2,395	725	11	3,131	2,288	111	31,638
<b>Expenditures</b>							
Current:							
General government	874	-	-	874	18	-	5,500
Public safety	-	-	-	-	-	-	6,308
Highways and streets	-	-	-	-	-	-	564
Culture and recreation	-	-	-	-	-	190	246
Capital outlay	2,404	437	11	2,852	-	-	20,559
Debt service:							
Principal	-	-	-	-	21,877	-	21,904
Interest	63	-	-	63	12,678	-	12,746
Bond issuance costs	-	-	-	-	10	-	10
Total expenditures	3,341	437	11	3,789	34,583	190	67,837
Excess (deficiency) of revenues over (under) expenditures	(946)	288	-	(658)	(32,295)	(79)	(36,199)
<b>Other financing sources (uses)</b>							
Transfers in	-	19	-	19	35,035	-	37,130
Transfers out	(55)	-	-	(55)	(12,186)	-	(12,279)
Issuance of long-term debt	-	-	-	-	14,500	-	14,500
Proceeds on retirement of capital assets	-	-	-	-	-	-	34
Total other financing sources (uses)	(55)	19	-	(36)	37,349	-	39,385
Net change in fund balances	(1,001)	307	-	(694)	5,054	(79)	3,186
Fund balances - beginning	2,881	1,264	12	4,157	6,455	1,577	52,507
Fund balances - ending	\$ 1,880	\$ 1,571	\$ 12	\$ 3,463	\$ 11,509	\$ 1,498	\$ 55,693

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the fiscal year ended June 30, 2018  
(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	\$ 6,020	\$ 1,751	\$ (4,269)	\$ 8,290	\$ 8,343	\$ 53	\$ 394	\$ 418	\$ 24
Rental and investment income	-	-	-	150	65	(85)	-	4	4
Miscellaneous	-	-	-	-	-	-	254	207	(47)
Total revenues	<u>6,020</u>	<u>1,751</u>	<u>(4,269)</u>	<u>8,440</u>	<u>8,408</u>	<u>(32)</u>	<u>648</u>	<u>629</u>	<u>(19)</u>
<b>Expenditures</b>									
Current:									
General government	-	-	-	-	-	-	1,071	479	592
Public safety	6,020	1,751	4,269	-	-	-	-	-	-
Capital outlay	-	-	-	22,044	8,451	13,593	-	-	-
Total expenditures	<u>6,020</u>	<u>1,751</u>	<u>4,269</u>	<u>22,044</u>	<u>8,451</u>	<u>13,593</u>	<u>1,071</u>	<u>479</u>	<u>592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,604)</u>	<u>(43)</u>	<u>13,561</u>	<u>(423)</u>	<u>150</u>	<u>573</u>
<b>Other financing sources (uses)</b>									
Transfers in (out)	-	-	-	-	-	-	(38)	(38)	-
Proceeds on retirement of capital assets	-	-	-	-	34	34	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>	<u>(38)</u>	<u>(38)</u>	<u>-</u>
Net change in fund balances	-	-	-	(13,604)	(9)	13,595	(461)	112	573
Fund balances (deficit), beginning	-	-	-	14,687	14,687	-	1,022	1,022	-
Fund balances (deficit), ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,083</u>	<u>\$ 14,678</u>	<u>\$ 13,595</u>	<u>\$ 561</u>	<u>\$ 1,134</u>	<u>\$ 573</u>

(continued)



City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the fiscal year ended June 30, 2018  
(amounts expressed in thousands)

	Special Revenue											
	Housing & Community Development			NPDES Storm Drain			Special Districts			Housing		
	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>												
Intergovernmental	\$ 8,221	\$ 8,851	\$ 630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	1,391	1,215	(176)	4,059	3,896	(163)	-	-	-
Rental and investment income	57	88	31	-	1	1	-	-	-	-	109	109
Miscellaneous	262	262	-	-	-	-	-	-	-	-	898	898
Total revenues	8,540	9,201	661	1,391	1,216	(175)	4,059	3,896	(163)	-	1,007	1,007
<b>Expenditures</b>												
Current:												
General government	2,086	946	1,140	-	-	-	-	-	-	10,375	3,183	7,192
Public safety	-	-	-	-	-	-	4,494	4,557	(63)	-	-	-
Highways and streets	-	-	-	-	-	-	1,014	564	450	-	-	-
Culture and recreation	-	-	-	-	-	-	228	56	172	-	-	-
Capital outlay	21,158	8,134	13,024	1,976	1,122	854	-	-	-	-	-	-
Debt service:												
Principal	36	8	28	-	-	-	-	-	-	-	19	(19)
Interest	11	1	10	-	-	-	-	-	-	6	4	2
Total expenditures	23,291	9,089	14,202	1,976	1,122	854	5,736	5,177	559	10,381	3,206	7,175
Excess (deficiency) of revenues over (under) expenditures	(14,751)	112	(14,639)	(585)	94	(491)	(1,677)	(1,281)	396	(10,381)	(2,199)	8,182
<b>Other financing sources (uses)</b>												
Transfers in (out)	-	49	49	-	-	-	1,074	1,903	829	1,099	124	(975)
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on retirement of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	49	49	-	-	-	1,074	1,903	829	1,099	124	(975)
Net change in fund balances	(14,751)	161	(14,590)	(585)	94	(491)	(603)	622	1,225	(9,282)	(2,075)	7,207
Fund balances (deficit), beginning	3,743	3,743	-	511	511	-	-	-	-	20,355	20,355	-
Fund balances (deficit), ending	\$ (11,008)	\$ 3,904	\$ (14,590)	\$ (74)	\$ 605	\$ (491)	\$ (603)	\$ 622	\$ 1,225	\$ 11,073	\$ 18,280	\$ 7,207

(continued)

City of Riverside

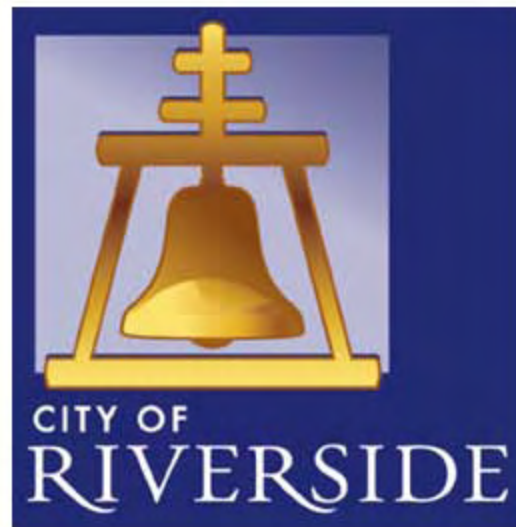
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Capital Projects Funds

For the fiscal year ended June 30, 2018

(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	\$ -	\$ -	\$ -	\$ 2,600	\$ 2,287	\$ (313)	\$ 130	\$ 140	\$ 10	\$ -	\$ -	\$ -
Intergovernmental	40,078	11,989	(28,089)	250	-	(250)	12,674	578	(12,096)	38	11	(27)
Special assessments	125	504	379	-	-	-	-	-	-	-	-	-
Rental and investment income	170	112	(58)	-	22	22	20	7	(13)	-	-	-
Miscellaneous	3,750	2,883	(867)	-	86	86	-	-	-	-	-	-
Total revenues	44,123	15,488	(28,635)	2,850	2,395	(455)	12,824	725	(12,099)	38	11	(27)
<b>Expenditures</b>												
Current:												
General government	-	-	-	1,100	874	226	-	-	-	-	-	-
Capital outlay	62,443	10,299	52,144	1,271	2,404	(1,133)	13,103	437	12,666	38	11	27
Debt service:												
Principal	-	-	-	1,391	-	1,391	-	-	-	-	-	-
Interest	-	-	-	60	63	(3)	-	-	-	-	-	-
Total expenditures	62,443	10,299	52,144	3,822	3,341	481	13,103	437	12,666	38	11	27
Excess (deficiency) of revenues over (under) expenditures	(18,320)	5,189	23,509	(972)	(946)	26	(279)	288	567	-	-	-
<b>Other financing sources (uses)</b>												
Transfers in (out)	1,283	3,308	2,025	-	(55)	(55)	-	19	19	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Gain (loss) on retirement of capital assets	-	5	(5)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,283	3,313	2,020	-	(55)	(55)	-	19	19	-	-	-
Net change in fund balances	(17,037)	8,502	25,529	(972)	(1,001)	(29)	(279)	307	586	-	-	-
Fund balances (deficit), beginning	17,946	17,946	-	2,881	2,881	-	1,264	1,264	-	70	12	(58)
Fund balances (deficit), ending	\$ 909	\$ 26,448	\$ 25,529	\$ 1,909	\$ 1,880	\$ (29)	\$ 985	\$ 1,571	\$ 586	\$ 70	\$ 12	\$ (58)



### **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.

**Civic Entertainment Fund** – To account for the operations of the Riverside Fox Theater, Riverside Municipal Auditorium, The Box, and the Riverside Convention Center.

**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, 2018**  
**(amounts expressed in thousands)**

<b>Assets</b>	<b>Civic Entertainment</b>	<b>Airport</b>	<b>Refuse</b>	<b>Transportation</b>	<b>Public Parking</b>	<b>Total</b>
Current assets:						
Cash and investments	\$ 1,020	\$ 883	\$ 7,428	\$ 1,778	\$ 826	\$ 11,935
Receivables (net of allowance for uncollectibles)						
Interest	-	3	30	7	5	45
Utility billed	-	-	1,100	-	-	1,100
Utility unbilled	-	-	784	-	-	784
Accounts	1,170	94	843	24	788	2,919
Intergovernmental	-	40	-	294	20	354
Inventory	52	-	-	-	-	52
Prepaid items	319	-	-	-	-	319
Deposits	300	-	-	-	-	300
Restricted assets:						-
Other restricted cash and cash equivalents	-	-	1,118	-	-	1,118
Total current assets	2,861	1,020	11,303	2,103	1,639	18,926
Non-current assets:						
Regulatory assets	-	-	4,874	-	-	4,874
Derivative instruments	299	-	-	-	-	299
Capital assets:						
Land	-	9,988	-	-	9,192	19,180
Buildings	22	2,631	-	43	33,229	35,925
Accumulated depreciation-buildings	-	(1,503)	-	(17)	(7,092)	(8,612)
Improvements other than buildings	44,201	20,714	-	2,848	6,740	74,503
Accumulated depreciation-improvements other than buildings	(3,662)	(8,956)	-	(557)	(2,919)	(16,094)
Machinery and equipment	425	470	16,080	4,756	1,130	22,861
Accumulated depreciation-machinery and equipment	(260)	(410)	(11,887)	(3,527)	(1,126)	(17,210)
Construction in progress	-	-	299	-	-	299
Total non-current assets:	41,025	22,934	9,366	3,546	39,154	116,025
Total assets	43,886	23,954	20,669	5,649	40,793	134,951
<b>Deferred Outflows of Resources</b>						
Change in derivative values	-	-	-	-	-	-
Pension contributions, changes in assumptions and differences in experience	-	310	2,320	1,063	607	4,300
Total deferred outflows of resources	-	310	2,320	1,063	607	4,300

Continued

**City of Riverside**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2018**  
**(amounts expressed in thousands)**

	Civic					
<b>Liabilities</b>	<b>Entertainment</b>	<b>Airport</b>	<b>Refuse</b>	<b>Transportation</b>	<b>Public Parking</b>	<b>Total</b>
Current liabilities:						
Accounts payable	888	5	1,180	12	99	2,184
Accrued payroll	-	2	19	8	4	33
Retainage payable	-	-	15	-	-	15
Unearned revenue	16	-	1	1,252	-	1,269
Deposits	579	-	-	-	-	579
Due to other funds	225	-	-	-	-	225
Pension obligation bonds - current	-	40	172	82	48	342
Capital leases - current	533	-	-	-	-	533
Notes payable - current	1,866	-	-	-	1,054	2,920
Landfill capping - current	-	-	250	-	-	250
Compensated absences - current	-	36	321	123	28	508
Total current liabilities	4,107	83	1,958	1,477	1,233	8,858
Non-current liabilities:						
Pension obligation bonds	-	167	716	340	199	1,422
Notes payables	35,490	-	-	-	17,202	52,692
Capital leases	1,095	-	-	-	-	1,095
Regulatory liability	28	-	-	-	-	28
Landfill capping	-	-	4,520	-	-	4,520
Compensated absences	-	1	12	5	1	19
Net OPEB liability	-	131	1,147	553	266	2,097
Net pension liability	-	1,100	8,350	3,827	2,207	15,484
Total non-current liabilities	36,613	1,399	14,745	4,725	19,875	77,357
Total liabilities	40,720	1,482	16,703	6,202	21,108	86,215
<b>Deferred Inflows of Resources</b>						
Change in derivative values	289	-	-	-	-	289
Pension contributions, changes in assumptions and differences in experience	-	61	668	314	222	1,265
OPEB contributions, changes in assumptions and differences in experience	-	4	38	22	7	71
Total deferred inflows of resources	289	65	706	336	229	1,625
<b>Net Position</b>						
Net investment in capital assets	40,726	22,934	4,492	3,546	20,898	92,596
Restricted for landfill capping	-	-	1,118	-	-	1,118
Unrestricted	(37,849)	(217)	(30)	(3,372)	(835)	(42,303)
Total net position	\$ 2,877	\$ 22,717	\$ 5,580	\$ 174	\$ 20,063	\$ 51,411

**City of Riverside**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the fiscal year ended June 30, 2018**  
**(amounts expressed in thousands)**

	<b>Civic Entertainment</b>	<b>Airport</b>	<b>Refuse</b>	<b>Transportation</b>	<b>Public Parking</b>	<b>Total</b>
Operating revenues:						
Charges for services	\$ 16,393	\$ 1,562	\$ 23,085	\$ 441	\$ 6,258	\$ 47,739
Operating expenses:						
Personnel services	-	698	5,723	2,677	1,100	10,198
Contractual services	6,476	150	4,352	84	1,907	12,969
Maintenance and operation	-	365	6,378	526	587	7,856
General	11,123	217	2,778	515	763	15,396
Materials and supplies	-	17	1,186	201	8	1,412
Insurance	162	32	91	50	88	423
Depreciation and amortization	975	693	1,542	714	992	4,916
Total operating expenses	18,736	2,172	22,050	4,767	5,445	53,170
Operating Income (loss)	(2,343)	(610)	1,035	(4,326)	813	(5,431)
Nonoperating revenues (expenses):						
Operating grants	-	-	-	3,374	-	3,374
Interest income	4	3	36	3	5	51
Other	-	32	1,096	29	-	1,157
Gain (loss) on retirement of capital assets	-	6	(245)	3	-	(236)
Interest expense and fiscal charges	(1,259)	(7)	(32)	(15)	(741)	(2,054)
Total non-operating revenues	(1,255)	34	855	3,394	(736)	2,292
Income (loss) before capital contributions and transfers	(3,598)	(576)	1,890	(932)	77	(3,139)
Cash capital contributions	875	841	-	846	-	2,562
Transfers in	8,715	-	-	-	1,721	10,436
Transfers out	(3,115)	-	(896)	-	(738)	(4,749)
Change in net position	2,877	265	994	(86)	1,060	5,110
Net position - beginning, as previously stated	-	22,456	4,629	284	19,011	46,380
Prior period adjustment	-	(4)	(43)	(24)	(8)	(79)
Net position - beginning, as restated	-	22,452	4,586	260	19,003	46,301
Net position - ending	\$ 2,877	\$ 22,717	\$ 5,580	\$ 174	\$ 20,063	\$ 51,411

City of Riverside  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the fiscal year ended June 30, 2018  
(amounts expressed in thousands)

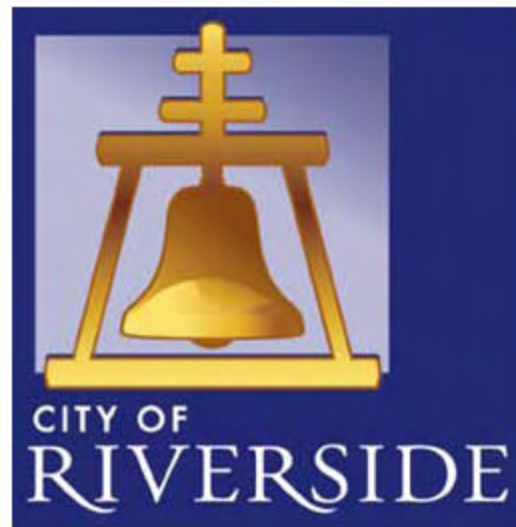
	Civic Entertainment	Airport	Refuse	Transportation	Public Parking	Totals
Cash flows from operating activities:						
Cash received from customers and users	\$ 15,223	\$ 1,509	\$ 22,943	\$ 920	\$ 6,368	\$ 46,963
Cash paid to employees for services	-	(601)	(5,030)	(2,349)	(943)	(8,923)
Cash paid to other suppliers of goods or services	(16,949)	(792)	(15,359)	(1,322)	(3,386)	(37,808)
Other receipts	18	32	1,503	29	-	1,582
Net cash (used) provided by operating activities	(1,708)	148	4,057	(2,722)	2,039	1,814
Cash flows from noncapital financing activities:						
Transfers in	8,421	-	-	-	1,721	10,142
Transfers out	(3,115)	-	(896)	-	(738)	(4,749)
Operating grants	-	-	-	3,374	-	3,374
Receipts (payments) on interfund advances	225	-	-	-	(307)	(82)
Payments on pension obligation bonds	-	(38)	(162)	(76)	(142)	(418)
Net cash (used) provided by noncapital financing activities	5,531	(38)	(1,058)	3,298	534	8,267
Cash flows from capital and related financing activities:						
Purchase of capital assets	(586)	(884)	(1,507)	-	(1)	(2,978)
Proceeds from the sale of capital assets	-	6	83	3	-	92
Principal paid on long-term obligations	(1,837)	-	-	-	(1,015)	(2,852)
Interest paid on long-term obligations	(1,259)	(7)	(32)	(15)	(741)	(2,054)
Contributions	875	841	-	846	-	2,562
Net cash (used) provided for capital and related financing activities	(2,807)	(44)	(1,456)	834	(1,757)	(5,230)
Cash flows from investing activities:						
Sale and (purchase) of investments	-	-	(8)	(4)	(3)	(15)
Interest from investments	4	3	36	3	5	51
Net cash (used) provided by investing activities	4	3	28	(1)	2	36
Net change in cash and cash equivalents	1,020	69	1,571	1,409	818	4,887
Cash and cash equivalents, beginning	-	814	6,975	369	8	8,166
Cash and cash equivalents, ending	\$ 1,020	\$ 883	\$ 8,546	\$ 1,778	\$ 826	\$ 13,053

Continued



City of Riverside  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the fiscal year ended June 30, 2018  
(amounts expressed in thousands)

						Continued
	Civic Entertainment	Airport	Refuse	Transportation	Public Parking	Totals
Reconciliation of operating income (loss) to net cash (used) provided by operating activities:						
Operating income (loss)	\$ (2,343)	\$ (610)	\$ 1,035	\$ (4,326)	\$ 813	\$ (5,431)
Other nonoperating items	-	32	1,096	29	-	1,157
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities:						
Depreciation and amortization	975	693	1,542	714	992	4,916
Changes in assets, liabilities and deferred inflows/outflows of resources:						
Utility billed receivable	-	-	(62)	-	-	(62)
Utility unbilled receivable	-	-	(10)	-	-	(10)
Accounts receivable	(1,170)	(13)	(70)	(8)	109	(1,152)
Intergovernmental receivable	-	(40)	-	487	1	448
Inventory	(52)	-	-	-	-	(52)
Prepaid and deposit items	(619)	-	-	-	-	(619)
Regulatory assets	-	-	407	-	-	407
Derivative instruments	(299)	-	-	-	-	(299)
Accounts payable	888	(6)	31	(3)	(33)	877
Accrued payroll	-	2	19	8	4	33
Retainage payable	-	-	15	-	-	15
Other payables	16	(8)	(14)	57	(14)	37
Deposits payable	579	-	-	-	-	579
Regulatory liability	28	-	-	-	-	28
Landfill capping	-	-	(620)	-	-	(620)
Change in derivative values	289	-	-	-	-	289
Net pension liability and related charges in deferred outflows and inflows of resources	-	93	640	292	157	1,182
Net OPEB liability and related charges in deferred outflows and inflows of resources	-	5	48	28	10	91
Net cash (used) provided by operating activities	<u>\$ (1,708)</u>	<u>\$ 148</u>	<u>\$ 4,057</u>	<u>\$ (2,722)</u>	<u>\$ 2,039</u>	<u>\$ 1,814</u>
Schedule of noncash financing and investing activities:						
Capital assets - transfer from governmental activities	\$ 39,487	\$ -	\$ -	\$ -	\$ -	\$ 39,487
Gain/(Loss) on retirement of capital assets	-	6	(245)	3	-	(236)
Note payable and derivative swap - transfer from governmental activities	(39,193)	-	-	-	-	(39,193)



## **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, 2018**  
**(amounts expressed in thousands)**

<b>Assets</b>	<b>Self-Insurance Trust</b>	<b>Central Stores</b>	<b>Central Garage</b>	<b>Total</b>
Current assets:				
Cash and investments	\$ 16,867	\$ -	\$ 6,917	\$ 23,784
Receivables (net of allowance for uncollectibles)				
Interest	52	-	23	75
Accounts	43	-	7	50
Intergovernmental	51	-	367	418
Inventory	-	5,836	448	6,284
Total current assets	17,013	5,836	7,762	30,611
Non-current assets:				
Advances to other funds	335	-	2,068	2,403
Capital assets:				
Land			458	458
Intangible assets, depreciable	219	-	-	219
Accumulated depreciation - intangible assets, depreciable	(132)	-	-	(132)
Buildings	-	-	4,092	4,092
Accumulated depreciation-buildings	-	-	(718)	(718)
Improvements other than buildings	-	-	1,315	1,315
Accumulated depreciation - improvements other than buildings	-	-	(470)	(470)
Machinery and equipment	5	139	11,121	11,265
Accumulated depreciation-machinery and equipment	(4)	(139)	(8,834)	(8,977)
Construction in progress	-	-	253	253
Total non-current assets:	423	-	9,285	9,708
Total assets	17,436	5,836	17,047	40,319
<b>Deferred Outflows of Resources</b>				
Pension contributions, changes in assumptions and differences in experience	306	336	1,708	2,350
Total deferred outflows of resources	306	336	1,708	2,350
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	766	318	193	1,277
Accrued payroll	3	3	14	20
Retainage payable	-	-	13	13
Due to other funds	-	436	-	436
Pension obligation bonds - current	18	24	103	145
Claims and judgments - current	9,872	-	-	9,872
Compensated absences - current	47	75	255	377
Total current liabilities	10,706	856	578	12,140
Non-current liabilities:				
Advances from other funds	-	-	335	335
Pension obligation bonds	73	102	429	604
Claims and judgments	36,360	-	-	36,360
Compensated absences	7	11	37	55
Net OPEB liability	131	154	665	950
Net pension liability	1,066	1,193	6,105	8,364
Total non-current liabilities	37,637	1,460	7,571	46,668
Total liabilities	48,343	2,316	8,149	58,808
<b>Deferred Inflows of Resources</b>				
Pension contributions, changes in assumptions and differences in experience	17	66	412	495
OPEB contributions, changes in assumptions and differences in experience	6	5	25	36
Total deferred inflows of resources	23	71	437	531
<b>Net Position</b>				
Net investment in capital assets	88	-	7,217	7,305
Unrestricted	(30,712)	3,785	2,952	(23,975)
Total net position	\$ (30,624)	\$ 3,785	\$ 10,169	\$ (16,670)

**City of Riverside**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2018**  
**(amounts expressed in thousands)**

	<b>Self-Insurance Trust</b>	<b>Central Stores</b>	<b>Central Garage</b>	<b>Totals</b>
Operating revenues:				
Charges for services	\$ 14,052	\$ 1,240	\$ 9,481	\$ 24,773
Operating expenses:				
Personnel services	932	807	3,857	5,596
Contractual services	565	2	89	656
Maintenance and operation	3	33	2,704	2,740
General	1,934	369	753	3,056
Materials and supplies	2	13	250	265
Claims/Insurance	14,647	7	79	14,733
Depreciation and amortization	45	-	1,046	1,091
Total operating expenses	18,128	1,231	8,778	28,137
Operating income (loss)	(4,076)	9	703	(3,364)
Non-operating revenues (expenses):				
Interest income	85	-	65	150
Other	3	-	431	434
Gain (loss) on retirement of capital assets	26	-	71	97
Interest expense and fiscal charges	(3)	(5)	(28)	(36)
Total non-operating revenue (expenses)	111	(5)	539	645
Income before capital contributions and transfers	(3,965)	4	1,242	(2,719)
Transfers in	5,000	-	-	5,000
Change in net position	1,035	4	1,242	2,281
Net position - beginning, as previously stated	(31,653)	3,787	8,952	(18,914)
Prior period adjustment	(6)	(6)	(25)	(37)
Net position - beginning, as restated	(31,659)	3,781	8,927	(18,951)
Net position - ending	\$ (30,624)	\$ 3,785	\$ 10,169	\$ (16,670)

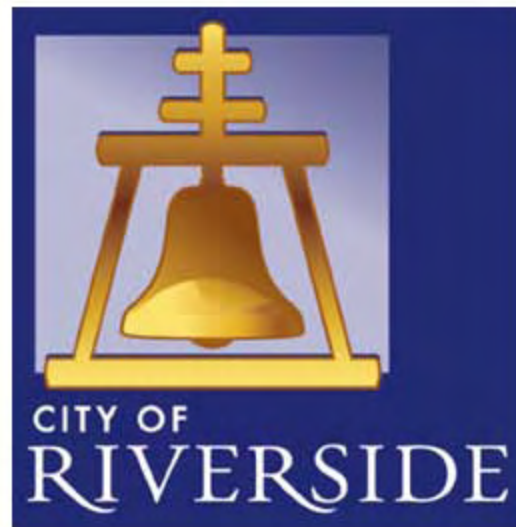
City of Riverside  
Combining Statement of Cash Flows  
Internal Service Funds  
For the fiscal year ended June 30, 2018  
(amounts expressed in thousands)

	Self-Insurance Trust	Central Stores	Central Garage	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 14,002	\$ 1,240	\$ 9,679	\$ 24,921
Cash paid to employees for services	486	(693)	(3,346)	(3,553)
Cash paid to other suppliers of goods or services	(17,031)	(694)	(4,063)	(21,788)
Other receipts	3	-	431	434
Net cash (used) provided by operating activities	(2,540)	(147)	2,701	14
Cash flows from noncapital financing activities:				
Transfers in	5,000	-	-	5,000
Receipts on interfund advances	439	175	355	969
Payments on pension obligation bonds	(16)	(23)	(98)	(137)
Net cash (used) provided by noncapital financing activities	5,423	152	257	5,832
Cash flows from capital and related financing activities:				
Purchase of capital assets	-	-	(762)	(762)
Proceeds from the sale of capital assets	26	-	71	97
Interest paid on long-term obligation	(3)	(5)	(28)	(36)
Net cash (used) for capital and related financing activities	23	(5)	(719)	(701)
Cash flows from investing activities:				
Sale and (purchase) of investments	(24)	-	(8)	(32)
Interest from investments	85	-	65	150
Net cash provided by investing activities	61	-	57	118
Net change in cash and cash equivalents	2,967	-	2,296	5,263
Cash and cash equivalents, beginning	13,900	-	4,621	18,521
Cash and cash equivalents, ending	\$ 16,867	\$ -	\$ 6,917	\$ 23,784
				Continued

City of Riverside  
Combining Statement of Cash Flows  
Internal Service Funds  
For the fiscal year ended June 30, 2018  
(amounts expressed in thousands)

Continued

	Self-Insurance Trust	Central Stores	Central Garage	Total
Reconciliation of operating income (loss) to net cash (used) provided by operating activities:				
Operating income (loss)	\$ (4,076)	\$ 9	\$ 703	\$ (3,364)
Other nonoperating items	3	-	431	434
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities:				
Depreciation and amortization	45	-	1,046	1,091
Changes in assets, liabilities and deferred inflows/outflows of resources:				
Accounts receivable	(26)	-	(1)	(27)
Intergovernmental receivable	(24)	-	199	175
Inventory	-	(166)	(118)	(284)
Accounts payable	120	(104)	(83)	(67)
Accrued payroll	3	3	14	20
Retainage payable	-	-	13	13
Other payables	16	5	(25)	(4)
Claims and judgments	1,287	-	-	1,287
Net pension liability and related charges in deferred outflows and inflows of resources	102	99	493	694
Net OPEB liability and related charges in deferred outflows and inflows of resources	10	7	29	46
Net cash (used) provided by operating activities	<u>\$ (2,540)</u>	<u>\$ (147)</u>	<u>\$ 2,701</u>	<u>\$ 14</u>



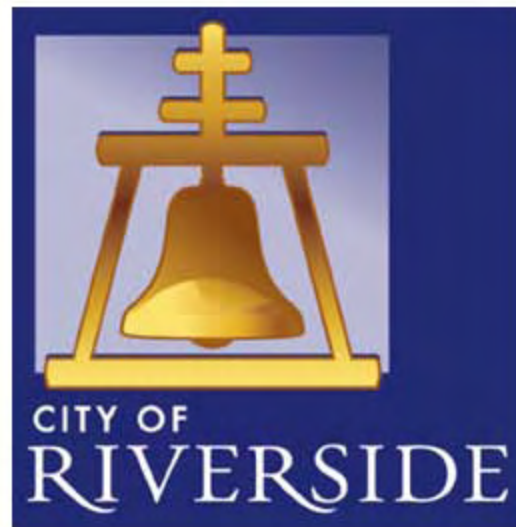


## **Agency Fund**

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, 2018**  
**(amounts expressed in thousands)**

	Balance			Balance
	July 1, 2017	Additions	Deductions	June 30, 2018
<b>Assets</b>				
Cash and investments	\$ 3,181	\$ 3,992	\$ 3,864	\$ 3,309
Cash and investments at fiscal agent	5,068	3,756	4,136	4,688
Interest receivable	8	57	55	10
Property taxes receivable	34	81	34	81
Total assets	<u>\$ 8,291</u>	<u>\$ 7,886</u>	<u>\$ 8,089</u>	<u>\$ 8,088</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 64	\$ 63	1
Held for bond holders	8,291	7,822	8,026	8,087
Total liabilities	<u>\$ 8,291</u>	<u>\$ 7,886</u>	<u>\$ 8,089</u>	<u>\$ 8,088</u>



**COMBINING GENERAL FUND AND CAPITAL OUTLAY SCHEDULES WITH  
MEASURE Z FUND ACTIVITY**

**City of Riverside**  
**Balance Sheet**  
**Combining General Fund Schedule**  
**June 30, 2018**  
**(amounts expressed in thousands)**

<b>Assets</b>	<b>General Fund</b>	<b>Measure Z Fund</b>	<b>Total General Fund</b>
Cash and investments	\$ 76,455	\$ 7,687	\$ 84,142
Cash and investments at fiscal agent	18	-	18
Receivables (net of allowance for uncollectibles)			
Interest	193	-	193
Property taxes	3,876	-	3,876
Sales tax	12,475	11,379	23,854
Utility billed	1,226	-	1,226
Accounts	5,642	-	5,642
Intergovernmental	5,325	-	5,325
Notes	10	-	10
Prepaid items	1,932	15	1,947
Due from other funds	858	-	858
Land & improvements held for resale	175	-	175
Total assets	<u>\$ 108,185</u>	<u>\$ 19,081</u>	<u>\$ 127,266</u>
<b>Liabilities</b>			
Accounts payable	\$ 6,661	\$ 802	\$ 7,463
Accrued payroll	16,409	33	16,442
Retainage payable	8	5	13
Intergovernmental	151	-	151
Unearned revenue	330	-	330
Deposits	8,558	-	8,558
Total liabilities	<u>32,117</u>	<u>840</u>	<u>32,957</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	4,685	-	4,685
Total deferred inflows of resources	<u>4,685</u>	<u>-</u>	<u>4,685</u>
<b>Fund Balances</b>			
Nonspendable:			
Inventories, prepaids and deposits	1,932	15	1,947
Restricted for:			
Housing and redevelopment	175	-	175
Debt service	2,037	-	2,037
Other purposes	779	-	779
Committed for:			
Economic contingency	53,800	-	53,800
Assigned to:			
General government	2,425	209	2,634
Public safety	1,110	849	1,959
Highways and streets	1,255	909	2,164
Culture and recreation	620	-	620
Continuing projects	7,250	8,615	15,865
Unassigned	-	7,644	7,644
Total fund balances	<u>71,383</u>	<u>18,241</u>	<u>89,624</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 108,185</u>	<u>\$ 19,081</u>	<u>\$ 127,266</u>

**City of Riverside**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Combining General Fund Schedule**  
**For the fiscal year ended June 30, 2018**  
**(amounts expressed in thousands)**

	<b>General Fund</b>	<b>Measure Z Fund</b>	<b>Total General Fund</b>
<b>Revenues</b>			
Taxes	\$ 166,914	\$ 56,202	\$ 223,116
Licenses and permits	10,015	-	10,015
Intergovernmental	10,513	-	10,513
Charges for services	17,438	-	17,438
Fines and forfeitures	3,699	-	3,699
Special assessments	402	-	402
Rental and investment income	2,312	6	2,318
Miscellaneous	3,815	-	3,815
Total revenues	<u>215,108</u>	<u>56,208</u>	<u>271,316</u>
<b>Expenditures</b>			
Current:			
General government	14,181	1,454	15,635
Public safety	166,204	18,404	184,608
Highways and streets	18,528	115	18,643
Culture and recreation	29,136	-	29,136
Capital outlay	2,646	-	2,646
Debt service:			
Bond issuance costs	14	-	14
Total expenditures	<u>230,709</u>	<u>19,973</u>	<u>250,682</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,601)</u>	<u>36,235</u>	<u>20,634</u>
<b>Other financing sources (uses)</b>			
Transfers in	48,397	10,935	59,332
Transfers out	(39,650)	(11,088)	(50,738)
Transfers in from Measure Z Fund *	20,482	-	20,482
Transfers out to General Fund *	-	(20,482)	(20,482)
Proceeds from the sale of capital assets	422	-	422
Total other financing sources (uses)	<u>29,651</u>	<u>(20,635)</u>	<u>9,016</u>
Net change in fund balances	14,050	15,600	29,650
Fund balances - beginning	80,429	2,641	83,070
Prior period adjustment	(23,096)	-	(23,096)
Fund balances - ending	<u>\$ 71,383</u>	<u>\$ 18,241</u>	<u>\$ 89,624</u>

\* Per accounting standards, Transfers within the same fund are not reflected in the Statement of Revenues, Expenditures and Changes in Fund Balances; however, they are reflected in this schedule for transparency purposes.

City of Riverside

Balance Sheet

Combining Capital Outlay Fund Schedule

June 30, 2018

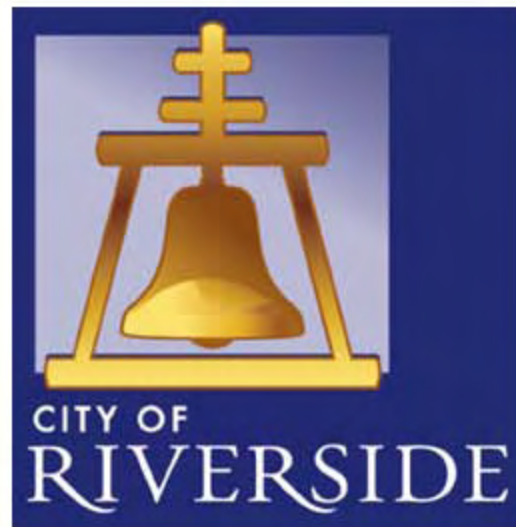
(amounts expressed in thousands)

<b>Assets</b>	<b>Capital Outlay</b>	<b>Measure Z Outlay</b>	<b>Capital Outlay</b>	<b>Total Capital Outlay</b>
Cash and investments	\$ 14,143	\$	4,500	\$ 18,643
Cash and investments at fiscal agent	2		-	2
Receivables (net of allowance for uncollectibles)				
Interest	71		11	82
Accounts	1,608		-	1,608
Intergovernmental	7,353		-	7,353
Total assets	<u>\$ 23,177</u>	<u>\$</u>	<u>4,511</u>	<u>\$ 27,688</u>
<b>Liabilities</b>				
Accounts payable	\$ 953	\$	33	\$ 986
Retainage payable	48		-	48
Unearned revenue	125		-	125
Total liabilities	<u>1,126</u>		<u>33</u>	<u>1,159</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	81		-	81
Total deferred inflows of resources	<u>81</u>		<u>-</u>	<u>81</u>
<b>Fund Balances</b>				
Restricted for:	-			
Transportation and public works	21,970		4,478	26,448
Total fund balances	<u>21,970</u>		<u>4,478</u>	<u>26,448</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,177</u>	<u>\$</u>	<u>4,511</u>	<u>\$ 27,688</u>

**City of Riverside**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Combining Capital Outlay Fund Schedule**  
**For the fiscal year ended June 30, 2018**  
**(amounts expressed in thousands)**

	<b>Capital Outlay</b>	<b>Measure Z Capital Outlay</b>	<b>Total Capital Outlay</b>
<b>Revenues</b>			
Intergovernmental	\$ 11,989	\$ -	\$ 11,989
Special assessments	504	-	504
Rental and investment income	112	-	112
Miscellaneous	2,883	-	2,883
Total revenues	15,488	-	15,488
<b>Expenditures</b>			
Current:			
Capital outlay	8,697	1,602	10,299
Total expenditures	8,697	1,602	10,299
Excess (deficiency) of revenues over (under) expenditures	6,791	(1,602)	5,189
<b>Other financing sources (uses)</b>			
Transfers in	240	6,072	6,312
Transfers out	(3,004)	-	(3,004)
Proceeds from the sale of capital assets	5	-	5
Total other financing sources (uses)	(2,759)	6,072	3,313
Net change in fund balances	4,032	4,470	8,502
Fund balances - beginning	17,938	8	17,946
Fund balances - ending	\$ 21,970	\$ 4,478	\$ 26,448





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.

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<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>99</b>
<b>Revenue Capacity</b> These schedules contain informat property and sales taxes.	<b>105</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>115</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>121</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>124</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									
	2009	2010	2011	2012 <sup>1</sup>	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Net investment in capital assets	\$ 950,496	\$ 976,614	\$ 1,019,892	\$ 1,076,485	\$ 1,083,485	\$ 1,106,384	\$ 1,126,220	\$ 1,123,910	\$ 1,102,409	\$ 1,093,896
Restricted	98,903	108,932	80,820	86,325	80,712	96,587	105,847	106,488	104,853	112,183
Unrestricted	(41,861)	(80,947)	(90,159)	23,145	17,989	(2,049)	(406,388)	(389,278)	(362,146)	(364,500)
Total governmental activities net position	<u>\$ 1,007,538</u>	<u>\$ 1,004,599</u>	<u>\$ 1,010,553</u>	<u>\$ 1,185,955</u>	<u>\$ 1,182,186</u>	<u>\$ 1,200,922</u>	<u>\$ 825,679</u>	<u>\$ 841,120</u>	<u>\$ 845,116</u>	<u>\$ 841,579</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 659,904	\$ 660,619	\$ 654,974	\$ 666,919	\$ 609,691	\$ 616,844	\$ 626,166	\$ 654,870	\$ 702,844	\$ 800,227
Restricted	38,621	59,863	56,397	54,923	69,068	68,507	75,660	85,526	93,570	80,717
Unrestricted	207,405	219,720	256,038	285,062	330,833	359,698	209,469	235,144	245,116	199,143
Total business-type activities net position	<u>\$ 905,930</u>	<u>\$ 940,202</u>	<u>\$ 967,409</u>	<u>\$ 1,006,904</u>	<u>\$ 1,009,592</u>	<u>\$ 1,045,049</u>	<u>\$ 911,295</u>	<u>\$ 975,540</u>	<u>\$ 1,041,530</u>	<u>\$ 1,080,087</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 1,610,400	\$ 1,637,233	\$ 1,674,866	\$ 1,743,404	\$ 1,693,176	\$ 1,723,228	\$ 1,752,386	\$ 1,778,780	\$ 1,805,253	\$ 1,894,123
Restricted	137,524	168,795	137,217	141,248	149,780	165,094	181,507	192,014	198,423	192,900
Unrestricted	165,544	138,773	165,879	308,207	348,822	357,649	(196,919)	(154,134)	(117,030)	(165,357)
Total primary government net position	<u>\$ 1,913,468</u>	<u>\$ 1,944,801</u>	<u>\$ 1,977,962</u>	<u>\$ 2,192,859</u>	<u>\$ 2,191,778</u>	<u>\$ 2,245,971</u>	<u>\$ 1,736,974</u>	<u>\$ 1,816,660</u>	<u>\$ 1,886,646</u>	<u>\$ 1,921,666</u>

<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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 71,391	\$ 85,110	\$ 72,606	\$ 48,731	\$ 54,808	\$ 39,331	\$ 26,587	\$ 24,483	\$ 44,510	\$ 45,360
Public safety	142,353	137,338	139,364	148,605	147,652	149,555	154,123	161,284	160,665	216,772
Highways and streets	29,700	31,492	32,131	35,342	35,072	36,564	36,563	38,836	38,585	42,544
Culture and recreation	29,423	44,319	50,017	54,594	40,077	42,252	45,594	47,762	49,406	38,362
Interest on long-term debt	34,361	32,049	33,638	25,087	16,627	17,741	17,025	16,387	16,028	12,414
Total governmental activities expenses	307,228	330,308	327,756	312,359	294,236	285,443	279,892	288,752	309,194	355,452
Business-type activities:										
Electric	269,209	256,860	275,922	288,799	292,175	304,416	309,874	307,925	317,335	333,061
Water	53,931	55,402	56,390	56,715	58,768	60,030	62,792	57,769	62,189	68,281
Sewer	34,853	41,248	42,276	43,702	43,945	40,385	35,593	39,978	38,305	54,136
Entertainment	-	-	-	-	-	-	-	-	-	19,995
Airport	1,734	2,206	2,320	2,646	2,029	1,662	1,809	1,799	1,998	2,179
Refuse	18,425	20,527	20,046	19,979	20,581	20,831	20,007	21,652	21,953	22,082
Transportation	3,194	3,368	3,493	3,667	3,745	4,067	4,385	4,113	4,221	4,782
Public parking	5,095	4,024	4,401	4,984	5,051	4,610	5,604	5,141	5,448	6,186
Total business-type activities expenses	386,441	383,635	404,848	420,492	426,294	436,001	440,064	438,377	451,449	510,702
Total primary government expenses	\$ 693,669	\$ 713,943	\$ 732,604	\$ 732,851	\$ 720,530	\$ 721,444	\$ 719,956	\$ 727,129	\$ 760,643	\$ 866,154
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 13,691	\$ 12,933	\$ 14,241	\$ 14,662	\$ 13,338	\$ 13,775	\$ 17,600	\$ 24,944	\$ 27,441	\$ 24,605
Public safety	8,414	8,177	8,075	7,837	7,793	7,444	7,256	3,243	1,167	1,880
Highways and streets	14,391	17,847	16,985	16,532	15,825	17,487	13,868	5,709	5,930	5,554
Culture and recreation	3,168	2,367	3,180	4,622	5,237	7,406	16,319	12,458	22,802	6,078
Operating grants and contributions	23,313	32,853	21,127	31,581	21,485	14,341	12,869	16,321	19,374	22,548
Capital grants and contributions	69,745	23,395	38,138	54,476	32,202	48,433	43,904	31,216	7,617	18,039
Total governmental activities program revenues	132,722	97,572	101,746	129,710	95,880	108,886	111,816	93,891	84,331	78,704
Business-type activities:										
Charges for services:										
Electric	314,164	309,910	313,703	333,029	347,933	344,037	347,621	354,530	366,066	364,516
Water	54,923	57,534	62,084	65,206	68,489	68,691	66,051	57,250	62,627	66,828
Sewer	23,247	27,342	32,769	37,747	43,772	46,162	50,336	52,664	59,735	65,081
Entertainment	-	-	-	-	-	-	-	-	-	16,393
Airport	1,232	1,315	1,342	1,524	1,396	1,100	1,260	1,549	1,578	1,562
Refuse	18,394	18,712	19,134	19,588	20,829	20,677	21,360	21,806	22,567	23,085
Transportation	336	328	344	352	344	413	385	377	359	441
Public parking	4,332	4,876	5,205	4,803	4,777	4,382	4,609	4,918	5,009	6,258
Operating grants and contributions	1,929	2,487	2,159	2,738	2,718	2,524	3,869	2,322	3,751	3,374
Capital grants and contributions	17,288	6,838	7,337	21,164	11,734	11,486	8,027	18,868	24,151	26,957
Total business-type activities program revenues	435,845	429,342	444,077	486,151	501,992	499,472	503,518	514,284	545,843	574,495
Total primary government program revenues	\$ 568,567	\$ 526,914	\$ 545,823	\$ 615,861	\$ 597,872	\$ 608,358	\$ 615,334	\$ 608,175	\$ 630,174	\$ 653,199

(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									
	2009	2010	2011	2012 <sup>1</sup>	2013 <sup>2</sup>	2014	2015	2016	2017	2018
<b>Net Revenues (Expense)</b>										
Governmental activities	\$ (174,506)	\$ (232,736)	\$ (226,010)	\$ (182,649)	\$ (198,356)	\$ (176,557)	\$ (168,076)	\$ (194,861)	\$ (224,863)	\$ (276,748)
Business-type activities	49,404	45,707	39,229	65,659	75,698	63,471	63,454	75,907	94,394	63,793
Total primary government net expense	<u>\$ (125,102)</u>	<u>\$ (187,029)</u>	<u>\$ (186,781)</u>	<u>\$ (116,990)</u>	<u>\$ (122,658)</u>	<u>\$ (113,086)</u>	<u>\$ (104,622)</u>	<u>\$ (118,954)</u>	<u>\$ (130,469)</u>	<u>\$ (212,955)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Sales	\$ 41,882	\$ 39,645	\$ 44,157	\$ 47,701	\$ 50,222	\$ 55,096	\$ 59,437	\$ 60,976	\$ 75,883	\$ 120,338
Property	116,420	104,087	100,802	74,179	52,904	51,323	54,864	55,545	59,526	63,515
Utility users	25,964	25,975	26,691	27,320	28,206	28,092	28,076	27,828	27,958	27,498
Franchise	5,144	4,477	4,937	4,883	4,959	5,046	5,543	5,730	4,814	4,972
Transient occupancy	2,912	2,488	2,731	2,995	3,703	4,189	5,280	6,093	6,622	6,793
Intergovernmental, unrestricted	4,569	1,339	1,285	351	337	263	3,153	477	145	172
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	15,941	8,289	7,439	4,440	2,786	2,759	3,233	729	6,145	5,187
Miscellaneous	5,137	3,344	9,544	9,273	9,208	5,425	12,395	11,708	2,050	4,278
Transfers	42,087	40,153	34,378	40,679	42,262	43,100	42,681	41,216	45,716	41,459
Extraordinary items	-	-	-	149,617	-	-	-	-	-	-
Total governmental activities	<u>260,056</u>	<u>229,797</u>	<u>231,964</u>	<u>361,438</u>	<u>194,587</u>	<u>195,293</u>	<u>214,662</u>	<u>210,302</u>	<u>228,859</u>	<u>274,212</u>
Business-type activities:										
Investment income	23,402	21,271	17,548	11,405	4,744	8,005	5,319	6,888	2,650	3,939
Miscellaneous	4,590	7,447	4,808	3,110	5,767	7,081	7,652	22,666	14,662	12,901
Transfers	(42,087)	(40,153)	(34,378)	(40,679)	(42,262)	(43,100)	(42,681)	(41,216)	(45,716)	(41,459)
Extraordinary items	-	-	-	-	(41,259)	-	-	-	-	-
Total business-type activities	<u>(14,095)</u>	<u>(11,435)</u>	<u>(12,022)</u>	<u>(26,164)</u>	<u>(73,010)</u>	<u>(28,014)</u>	<u>(29,710)</u>	<u>(11,662)</u>	<u>(28,404)</u>	<u>(24,619)</u>
Total primary government	<u>245,961</u>	<u>218,362</u>	<u>219,942</u>	<u>335,274</u>	<u>121,577</u>	<u>167,279</u>	<u>184,952</u>	<u>198,640</u>	<u>200,455</u>	<u>249,593</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 85,550	\$ (2,939)	\$ 5,954	\$ 178,789	\$ (3,769)	\$ 18,736	\$ 46,586	\$ 15,441	\$ 3,996	\$ (2,536)
Business-type activities	35,309	34,272	27,207	39,495	2,688	35,457	33,744	64,245	65,990	39,174
Total primary government	<u>\$ 120,859</u>	<u>\$ 31,333</u>	<u>\$ 33,161</u>	<u>\$ 218,284</u>	<u>\$ (1,081)</u>	<u>\$ 54,193</u>	<u>\$ 80,330</u>	<u>\$ 79,686</u>	<u>\$ 69,986</u>	<u>\$ 36,638</u>

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

	2013	2014	2015	2016	2017	2018
General fund						
Nonspendable	\$ 26,421	\$ 24,419	\$ 23,642	\$ 23,094	\$ 26,168	\$ 1,947
Restricted	2,196	2,204	2,985	3,067	2,651	2,991
Committed	-	-	-	-	-	53,800
Assigned	10,711	14,505	13,965	9,922	14,968	23,242
Unassigned	37,763	37,732	39,059	29,495	39,283	7,644
Total general fund	\$ 77,091	\$ 78,860	\$ 79,651	\$ 65,578	\$ 83,070	\$ 89,624
All other governmental funds						
Nonspendable	\$ 1,441	\$ 1,460	\$ 1,625	\$ 1,619	\$ 1,601	\$ 4,855
Restricted for:						
Housing and redevelopment	26,410	26,223	25,523	24,746	24,098	18,827
Debt service	25,884	26,177	26,203	26,221	6,455	11,509
Transportation and public works	16,487	54,876	36,347	36,876	34,178	43,499
Other purposes	2,003	321	2,326	3,628	4,145	3,451
Unassigned	-	-	-	-	(24)	-
Total all other governmental funds	\$ 72,225	\$ 109,057	\$ 92,024	\$ 93,090	\$ 70,453	\$ 82,141

Note: Certain reclassifications have been made to prior year balances to conform with current year's presentation.

*The City of Riverside implemented GASB 54 in the fiscal year ended June 30, 2011.  
The City has elected to show six 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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Taxes	\$ 192,322	\$ 177,255	\$ 179,318	\$ 156,593	\$ 139,994	\$ 143,748	\$ 153,200	\$ 156,172	\$ 174,803	\$ 223,116
Licenses and permits	7,368	6,899	7,657	9,292	10,173	9,244	11,168	11,611	14,455	12,442
Intergovernmental	86,873	60,550	61,082	66,618	50,734	59,348	49,892	51,896	31,440	42,454
Charges for services	9,099	9,570	10,720	11,774	12,062	15,734	24,737	26,443	31,384	17,438
Fines and forfeitures	6,213	7,512	8,928	6,293	6,234	7,283	3,957	1,941	1,976	3,717
Special assessments	5,431	5,464	6,014	6,276	6,669	6,272	6,757	7,039	7,578	7,113
Use of money and property	18,620	11,173	10,173	8,095	3,878	4,315	5,112	4,370	4,718	3,446
Miscellaneous	7,596	7,082	16,605	10,611	14,933	6,957	6,939	12,578	7,252	8,716
Total revenues	\$ 333,522	\$ 285,505	\$ 300,497	\$ 275,552	\$ 244,677	\$ 252,901	\$ 261,762	\$ 272,050	\$ 273,606	\$ 318,442
<b>Expenditures:</b>										
General government	\$ 25,995	\$ 23,835	\$ 26,090	\$ 18,835	\$ 15,713	\$ 13,558	\$ 17,799	\$ 19,900	\$ 20,650	\$ 21,135
Public safety	145,802	138,594	140,994	150,878	150,290	151,721	157,660	164,800	163,712	190,916
Highways and streets	18,452	14,987	14,587	16,651	16,294	16,944	16,594	17,416	17,504	19,207
Culture and recreation	26,859	40,373	44,345	57,538	45,356	34,275	37,527	39,583	40,643	29,382
Capital outlay	180,394	131,908	105,689	75,482	73,581	72,365	60,060	53,208	31,000	33,504
Debt Service:										
Principal	44,349	48,078	89,264	83,378	45,006	45,500	49,101	51,987	72,700	21,904
Interest	33,033	31,267	32,611	24,133	15,116	16,787	17,048	16,451	16,115	12,746
Debt issuance costs	259	231	174	169	581	843	172	180	29	24
Payment for advance refunding	-	-	-	-	3,521	-	-	-	-	-
Total expenditures	\$ 475,143	\$ 429,273	\$ 453,754	\$ 427,064	\$ 365,458	\$ 351,993	\$ 355,961	\$ 363,525	\$ 362,353	\$ 328,818
Excess of revenues over (under) expenditures	\$ (141,621)	\$ (143,768)	\$ (153,257)	\$ (151,512)	\$ (120,781)	\$ (99,092)	\$ (94,199)	\$ (91,475)	\$ (88,747)	\$ (10,376)

(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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Other financing sources (uses):</b>										
Transfers in	\$ 100,797	\$ 88,303	\$ 214,631	\$ 196,859	\$ 56,572	\$ 58,469	\$ 61,510	\$ 61,384	\$ 94,521	\$ 102,774
Transfers out	(58,710)	(48,150)	(180,280)	(156,305)	(14,178)	(15,369)	(18,829)	(20,168)	(48,805)	(66,021)
Issuance of long term debt	30,425	51,821	104,875	34,940	99,753	87,037	30,940	31,145	31,578	14,500
Capital lease financings	-	3,116	2,000	-	7,203	6,625	4,450	5,846	2,109	-
Sales of capital assets	(5,798)	529	(1,629)	156	82	931	(114)	261	4,199	461
Payments to refunded bond agent	-	-	-	-	(43,591)	-	-	-	-	-
Total other financing sources (uses)	66,714	95,619	139,597	75,650	105,841	137,693	77,957	78,468	83,602	51,714
<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	 \$ (74,907)	 \$ (48,149)	 \$ (13,660)	 \$ (182,842)	 \$ (14,940)	 \$ 38,601	 \$ (16,242)	 \$ (13,007)	 \$ (5,145)	 \$ 41,338
 Debt service as a percentage of noncapital expenditures	 26.058% (1)	 23.211%	 32.757% (2)	 32.507% (3)	 21.039%	 21.803%	 22.360%	 21.714%	 26.625%	 11.999%

(1) 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.

(2) 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.

(3) 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>
2009	105,525	65,532	97,100	4,674	5,684	18,673	12,250	309,438
2010	107,301	65,091	97,458	1,466	5,639	21,100	11,855	309,910
2011	107,792	64,039	102,067	124	5,529	22,091	12,061	313,703
2012	110,471	66,047	107,455	50	5,614	30,735	12,657	333,029
2013	118,173	66,632	110,680	638	5,712	32,688	13,410	347,933
2014	111,880	67,063	111,260	115	5,600	32,630	15,489	344,037
2015	114,112	68,572	112,283	60	5,654	30,587	16,353	347,621
2016	116,997	69,759	113,756	3	4,737	32,924	16,354	354,530
2017	117,662	71,456	115,432	9	4,782	35,497	21,228	366,066
2018	115,630	71,128	115,106	2	4,792	37,484	20,374	364,516

**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<sup>1</sup></b>	<b>Property Tax<sup>2</sup></b>	<b>Utility Users Tax</b>	<b>Franchise Tax</b>	<b>Transient Occupancy Tax</b>	<b>Total Taxes</b>
2009	\$ 41,882	\$ 116,420	\$ 25,964	\$ 5,144	\$ 2,912	\$ 192,322
2010	39,645	104,087	25,975	4,477	2,488	176,672
2011	44,157	100,802	26,691	4,937	2,731	179,318
2012	47,701	74,179	27,320	4,883	2,995	157,078
2013	50,222	52,904	28,206	4,959	3,703	139,994
2014	55,096	51,323	28,092	5,046	4,189	143,746
2015	59,437	54,864	28,076	5,543	5,280	153,200
2016	60,976	55,545	27,828	5,730	6,093	156,172
2017	75,883	59,526	27,958	4,814	6,622	174,803
2018	120,338	63,515	27,498	4,972	6,793	223,116

<sup>1</sup> Increase in sales tax in fiscal year 2017 is due to Measure Z which was passed by the voters November 2016 and became effective April 1, 2017. Measure Z is a one percent transaction and use tax.

<sup>2</sup> Decrease in property taxes in fiscal years 2012 and 2013 relates to the dissolution of the Redevelopment Agency. Upon the dissolution of the Redevelopment Agency on February 1, 2012, property taxes received by the Successor Agency are reported in a private-purpose trust fund and therefore are excluded from the activities of the primary government.

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

(in thousands of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Apparel Stores	\$ 154,899	\$ 152,564	\$ 161,802	\$ 168,352	\$ 175,320	\$ 178,349	\$ 188,670	\$ 203,001	\$ 214,852	\$ 210,158
General Merchandise	466,096	435,230	432,303	444,125	450,988	463,355	475,147	477,903	478,538	465,490
Food Stores	172,195	170,151	167,259	169,380	181,719	193,368	209,022	217,902	168,854	169,922
Eating and Drinking Places	383,596	364,291	371,419	395,423	422,153	447,841	483,901	533,317	582,262	609,705
Building Materials	374,161	307,894	292,605	349,398	376,011	454,468	514,993	567,790	636,415	666,907
Auto Dealers and Supplies	949,747	786,012	847,986	965,529	1,118,907	1,280,633	1,461,217	1,548,385	1,608,231	1,588,854
Service Stations	424,252	301,654	350,904	419,497	430,322	418,110	413,128	370,257	338,762	360,830
Other Retail Stores	564,633	487,924	501,071	517,583	535,945	550,157	595,305	633,089	692,375	677,850
All Other Outlets	1,104,611	893,809	977,260	1,072,513	1,008,206	1,154,492	1,312,607	1,461,982	1,474,160	1,481,019
Total	\$ 4,594,190	\$ 3,899,529	\$ 4,102,609	\$ 4,501,800	\$ 4,699,571	\$ 5,140,773	\$ 5,653,990	\$ 6,013,625	\$ 6,194,449	\$ 6,230,735

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

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

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

(in thousands)

Fiscal Year Ended June 30	City				Dissolved Redevelopment Agency <sup>1</sup>				Total Direct Rate <sup>2</sup>
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
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	0.350
2011	22,056,793	1,260,923	(6,920,720)	16,396,996	5,396,219	544,906	(268,323)	5,672,802	0.347
2012	22,031,328	1,264,151	(6,952,649)	16,342,830	5,395,632	572,153	(270,313)	5,697,472	0.348
2013	22,313,665	1,244,448	(7,142,401)	16,415,712	N/A	N/A	N/A	N/A	0.348
2014	23,045,134	1,201,634	(7,394,982)	16,851,786	N/A	N/A	N/A	N/A	0.125
2015	24,482,621	1,329,391	(7,945,000)	17,867,012	N/A	N/A	N/A	N/A	0.124
2016	25,710,122	1,225,375	(8,432,984)	18,502,513	N/A	N/A	N/A	N/A	0.124
2017	26,927,989	1,311,356	(9,029,817)	19,209,528	N/A	N/A	N/A	N/A	0.124
2018	28,373,517	1,354,934	(9,791,810)	19,936,641	N/A	N/A	N/A	N/A	0.124

**Notes:**

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

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

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

Source: Riverside County Auditor-Controller

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

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/2017	2017/2018
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>	0.259	0.284	0.301	0.332	0.325	0.390	0.377	0.487	0.495	0.517
City of Riverside Debt Service	0.007	0.006	0.006	0.006	0.006	0.007	0.006	0.006	0.006	0.006
Metropolitan Water District Original Area	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004
Riverside City Community College Debt Service	0.013	0.012	0.015	0.017	0.017	0.018	0.018	0.017	0.016	0.016
<b>Total Direct &amp; Overlapping<sup>3</sup> Tax Rates</b>	<b>1.283</b>	<b>1.307</b>	<b>1.325</b>	<b>1.358</b>	<b>1.352</b>	<b>1.418</b>	<b>1.405</b>	<b>1.514</b>	<b>1.521</b>	<b>1.543</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>	0.007	0.006	0.006	0.006	0.006	0.007	0.006	0.006	0.006	0.006
<b>Redevelopment Rate<sup>5,7</sup></b>	1.004	1.004	1.004	1.004	-	-	-	-	-	-
<b>Total Direct Rate<sup>6</sup></b>	0.343	0.350	0.347	0.348	0.348	0.125	0.124	0.124	0.124	0.124

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

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

Note: Amounts presented in this table have been restated for prior years to reflect the most current information available.

Source: Riverside County Assessor 2007/08 - 2016/17 Tax Rate Table.

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

(in thousands)

Property Owner	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Riverside Healthcare System	\$ 273,296	1	1.0%	\$ 109,056	5	0.4%
Tyler Mall	214,956	2	0.8%	179,147	2	0.7%
Rohr Inc	148,268	3	0.5%	-		0.0%
La Sierra University	134,779	4	0.5%	133,363	3	0.5%
State Street Bank and Trust Co	129,258	5	0.5%	83,391	7	0.3%
Cole ID	107,100	6	0.4%	-		-
Corona Pointe Apartments	102,163	7	0.4%	-		-
BRE Properties	98,937	8	0.4%	180,571	1	0.7%
CPT Riverside Plaza LLC	89,829	9	0.3%	-		-
Riverside Fair Isle Apartments	87,753	10	0.3%	-		0.0%
Riverside Colonnade	-		-	112,991	4	0.5%
MEF Realty	-		-	89,303	6	0.4%
Press Enterprise Company	-		-	82,248	8	0.3%
Mission Grove Plaza	-		-	80,354	9	0.3%
Riverside Plaza	-		-	68,517	10	0.3%
Totals	<u>\$ 1,386,339</u>		<u>4.9%</u>	<u>\$ 1,118,941</u>		<u>4.5%</u>

**Notes:**

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

Source: Riverside County Assessor 2017/18 and 2008/09 Combined Tax Rolls

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

(in thousands)

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections To Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
<b>2009</b>	\$ 86,251	\$ 84,134	97.55%	\$ 2,117	\$ 86,251	100.00%
<b>2010</b>	77,228	74,491	96.46%	2,737	77,228	100.00%
<b>2011</b>	74,608	72,327	96.94%	2,281	74,608	100.00%
<b>2012</b>	41,020	40,340	98.34%	680	41,020	100.00%
<b>2013</b>	43,333	42,447	97.96%	886	43,333	100.00%
<b>2014</b>	45,138	44,684	98.99%	454	45,138	100.00%
<b>2015</b>	48,846	48,427	99.14%	419	48,846	100.00%
<b>2016</b>	50,023	49,585	99.12%	-	49,585	99.12%
<b>2017</b>	53,655	53,252	99.25%	-	53,252	99.25%
<b>2018</b>	57,567	57,173	99.32%	-	57,173	99.32%

**Note:**

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

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

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

(in millions of kilowatt-hours)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Type of Customer:</b>										
Residential	733	701	666	688	726	700	711	726	730	727
Commercial	433	406	400	413	419	421	428	438	448	447
Industrial	946	906	912	969	1,003	997	995	983	996	999
Wholesale sales	137	44	7	2	14	4	2	-	1	-
Other	33	32	31	31	31	30	31	23	23	22
<b>Total</b>	<b>2,282</b>	<b>2,089</b>	<b>2,016</b>	<b>2,103</b>	<b>2,193</b>	<b>2,152</b>	<b>2,167</b>	<b>2,170</b>	<b>2,198</b>	<b>2,195</b>
<b>Total direct rate</b>										
Monthly Base Rate <sup>1</sup>	13.06	18.06	18.06	18.06	18.06	18.06	18.06	18.06	18.06	18.06

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

Source: Riverside Public Utilities, Finance Services



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

<b>Fiscal Year Ended June 30</b>	<b><u>Residential</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Other</u></b>
<b>2009</b>	0.14389	0.15122	0.10271	0.17169
<b>2010</b>	0.15307	0.16014	0.10756	0.17876
<b>2011</b>	0.16173	0.16001	0.11194	0.18089
<b>2012</b>	0.16068	0.15991	0.11088	0.17938
<b>2013</b>	0.16274	0.15913	0.11030	0.18375
<b>2014</b>	0.15995	0.15936	0.11156	0.18513
<b>2015</b>	0.16050	0.16022	0.11282	0.18291
<b>2016</b>	0.16119	0.15915	0.11577	0.20908
<b>2017</b>	0.16116	0.15958	0.11586	0.21287
<b>2018</b>	0.15910	0.15902	0.11524	0.21288

Source: Riverside Public Utilities, Finance Services

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

Electricity Customer	2018			2009		
	Electricity Charges	Rank	Percent of Total Electric Revenues	Electricity Charges	Rank	Percent of Total Electric Revenues
Local University	\$12,548,112	1	4.09%	\$7,481,477	2	2.73%
Local Government	8,075,057	2	2.63%	7,805,664	1	2.85%
Local Government	7,864,356	3	2.56%	6,184,476	3	2.26%
Local School District	4,442,089	4	1.45%	4,351,162	4	1.59%
Corporation	3,990,337	5	1.30%	3,251,002	5	1.19%
Corporation	3,695,864	6	1.21%	2,323,394	6	0.85%
Corporation	3,159,703	7	1.03%	1,952,604	7	0.71%
Hospital	2,777,910	8	0.91%	1,762,868	10	0.64%
Hospital	2,716,410	9	0.89%	-		0.00%
Local University	2,620,281	10	0.85%	-		0.00%
Corporation	-		-	1,943,163	8	0.71%
Corporation	-		-	1,768,410	9	0.65%
Hospital	-		-	-		0.00%
	<u>\$51,890,119</u>		<u>16.92%</u>	<u>\$38,824,220</u>		<u>14.18%</u>

Retail Sales Per Financial Statements      \$306,656,506

\$ 273,841,491

N/A - not available

Source: Riverside Public Utilities, Finance Services

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

(in thousands)

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Redevelopment Bonds	Revenue Bonds	Pension Obligation Bonds <sup>2</sup>	Certificates of Participation	Capital Leases	Notes/Loans Payable
2009	18,171	285,743	-	139,410	198,268	7,455	8,749
2010	17,533	278,867	-	136,050	211,212	6,303	9,291
2011	16,845	305,195	-	132,095	207,246	6,670	8,849
2012	16,107	-	-	127,480	202,703	5,220	4,000
2013	15,314	-	43,762	122,005	158,697	8,424	28,652
2014	14,460	-	42,344	115,775	191,446	13,168	47,611
2015	13,546	-	40,891	108,725	187,212	14,966	45,574
2016	12,567	-	39,398	101,000	181,429	12,006	43,482
2017	11,513	-	37,854	92,592	156,516	17,193	41,325
2018	10,388	-	36,246	60,883	150,800	25,647	1,746

Fiscal Year	Business-Type Activities						
	Revenue Bonds	Notes/Loans Payable	Capital Leases	Pension Obligation Bonds <sup>2</sup>	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
2009	670,512	7,915	2,574	-	1,342,931	20.15%	4.54
2010	968,393	7,249	2,151	-	1,637,049	24.83%	5.44
2011	1,071,554	76,747	1,720	-	1,826,921	27.58%	6.01
2012	1,063,853	73,821	1,332	-	1,494,516	21.94%	4.84
2013	1,031,839	70,798	2,558	-	1,482,049	21.41%	4.75
2014	1,094,290	36,030	2,266	-	1,557,390	22.54%	4.96
2015	1,239,634	37,225	1,720	-	1,689,493	24.64%	5.38
2016	1,208,851	37,793	4,694	-	1,641,220	23.93%	5.22
2017	1,180,345	35,255	6,209	-	1,578,802	22.11%	4.83
2018	1,139,864	78,583	6,821	18,324	1,529,302	20.81%	4.69

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

<sup>2</sup> The 2005 and 2017 Taxable Pension Obligation Bonds were divided between Governmental Activities, Business-Type Activities, and the Successor Agency.

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

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

(in thousands, except per capita amount)

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Pension Bonds</b>	<b>Certificates of Participation</b>	<b>Tax Allocation Bonds</b>	<b>Total</b>	<b>Percent of Assessed Value <sup>1</sup></b>	<b>Per Capita <sup>2</sup></b>
2009	18,171	139,410	198,268	285,743	641,592	3.52%	2,167
2010	17,533	136,050	211,212	278,867	643,662	3.82%	2,140
2011	16,845	132,095	207,246	305,195	661,381	4.03%	2,175
2012	16,107	127,480	202,703	-	346,290	2.12%	1,122
2013	15,314	122,005	158,697	-	296,016	1.80%	949
2014	14,460	115,775	191,446	-	321,681	1.91%	1,024
2015	13,546	108,725	187,212	-	309,483	1.73%	985
2016	12,567	101,000	181,429	-	294,996	1.65%	909
2017	11,513	92,592	156,516	-	260,621	1.36%	798
2018	10,388	79,207	150,800	-	240,395	1.21%	738

Notes:

General bonded debt is debt payable with governmental fund and enterprise fund resources.

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

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

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

**Table 17**  
**City of Riverside**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2018**

Page 1 of 2

2017-18 Assessed Valuation:	\$ 28,103,778,537
Less Dissolved Redevelopment Agency Incremental Valuation:	8,167,137,151
Adjusted Assessed Valuation:	<u>\$ 19,936,641,386</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	\$ 60,600,000	1.034 %	\$ 626,604
Riverside County Flood Control and Water Conservation District Zone No. 4	16,750,000	2.096	351,080
Riverside City Community College District	256,365,337	28.706	73,592,234
Alvord Unified School District	208,288,867	70.672	147,201,908
Riverside Unified School District	224,730,000	85.973	193,207,123
Corona-Norco Unified School District	433,791,926	0.001	4,338
Jurupa Unified School District	124,587,972	0.002	2,492
Moreno Valley Unified School District	112,668,521	10.378	11,692,739
Alvord Unified School District Community District No.2006-1	7,430,000	82.333	6,117,342
Riverside Unified School District Community Facilities Districts	74,225,000	89.479-100	74,118,738
City of Riverside Community Facilities Districts	13,855,000	100	13,855,000
City of Riverside 1915 Act Bonds	21,950,000	100	21,950,000
Total overlapping debt repaid with property taxes			<u>\$ 542,719,598</u>

(continued)

**Table 17**  
**City of Riverside**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2018**

Page 2 of 2

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

Riverside County General Fund Obligations	\$ 812,829,106	10.755 %	\$ 87,419,770
Riverside County Pension Obligations	266,365,000	10.755	28,647,556
Corona-Norco Unified School District Certificates of Participation	31,262,071	0.001	313
Jurupa Unified School District Certificates of Participation	41,727,209	0.002	835
Moreno Valley Unified School District Certificates of Participation	14,900,000	10.378	1,546,322
Riverside Unified School District General Fund Obligations	17,425,346	85.973	14,981,093
Western Municipal Water District General Fund Obligations	10,197,212	32.707	3,335,202
Total other overlapping debt			135,931,091
Less: Riverside County supported obligations			360,648
			135,570,443
Overlapping tax Increment debt			221,947,531
Total overlapping debt			900,237,572
City direct debt			304,034,000
Combined total direct and overlapping debt			\$ 1,204,271,572

(1) Debt balances are as of June 30, 2018 (most recent available) for other agency debt, and June 30, 2018 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 2017-18 Assessed Valuation:

Total debt repaid with property taxes.....	1.93%
City direct debt (\$304,034,000).....	1.08%
Combined total direct and overlapping debt.....	4.29%

Ratios to Dissolved Redevelopment Incremental Valuation (\$8,167,137,151):

Total overlapping tax Increment debt.....	2.72%
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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 18**  
**City of Riverside**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	(in thousands)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed valuation	\$ 18,243,019	\$16,840,575	\$ 16,396,996	\$ 16,342,830	\$ 16,415,712	\$ 16,851,786	\$ 17,867,012	\$ 18,502,513	\$ 19,209,528	\$ 19,936,641
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	4,560,755	4,210,144	4,099,249	4,085,708	4,103,928	4,212,947	4,466,753	4,625,628	4,802,382	4,984,160
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	684,113	631,522	614,887	612,856	615,589	631,942	670,013	693,844	720,357	747,624
Total net debt applicable to limit:	18,171	17,533	16,845	16,107	15,314	14,460	13,546	12,567	11,513	10,388
Legal debt margin	665,942	613,989	598,042	596,749	600,275	617,482	656,467	681,277	708,844	737,236
Total net debt applicable to the limit as a percentage of debt limit	2.7%	2.8%	2.7%	2.6%	2.5%	2.3%	2.0%	1.8%	1.6%	1.4%

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 8, Statistical Table 15 and Notes to Financial Statements.

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

(in thousands)

Electric Revenue Bonds							Water Revenue Bonds					
Fiscal Year	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	
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	33,619	4,574	8,536	2.56
2015	348,244	250,578 *	97,666	15,485	26,532	2.32	66,010	36,725 *	29,285	5,258	8,342	2.15
2016	371,029	249,607 *	121,422	16,460	25,780	2.87	60,047	35,608 *	24,439	5,533	8,063	1.80
2017	368,956	251,998 *	116,958	14,032	25,553	2.95	65,689	37,956 *	27,733	5,486	8,124	2.04
2018	368,116	257,785 *	110,331	15,675	25,045	2.71	71,054	40,767 *	30,287	6,098	8,049	2.14

Sewer Revenue Bonds						
Fiscal Year	Pledged Revenue <sup>1</sup>	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	31,470	26,865	4,605	666	151	5.64
2011	37,772	27,575	10,197	692	125	12.48
2012	42,562	29,632	12,930	692	5,471	2.10
2013	52,944	29,999	22,945	7,465	10,891	1.25
2014	52,098	28,930	23,168	7,753	10,781	1.25
2015	51,288	27,598	23,690	8,056	10,958	1.25
2016	68,412	31,864	36,548	8,405	20,786	1.25
2017	78,337	29,921	48,416	9,010	19,621	1.69
2018	68,735	31,513	37,222	9,184	19,136	1.31

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.

\* Excludes non-cash pension expense

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



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

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<b>Calendar Year</b>	<b>Population <sup>1</sup></b>	<b>Personal Income <sup>2</sup> (in thousands)</b>	<b>Per Capita Personal Income <sup>2</sup></b>	<b>Unemployment Rate <sup>3</sup></b>
2008	296,038	6,665,142	22,514	8.6
2009	300,769	6,592,294	21,918	13.7
2010	304,051	6,623,143	21,783	14.8
2011	308,511	6,811,923	22,080	13.7
2012	311,955	6,923,217	22,193	9.7
2013	314,034	6,909,376	22,002	8.4
2014	314,221	6,857,559	21,824	7.9
2015	324,696	6,953,323	21,414	6.4
2016	326,792	7,139,080	21,845	5.8
2017	325,860	7,349,024	22,552	5.1

Sources:

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

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

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

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
County of Riverside	11,865	1	8.1%			
University of California	8,686	2	6.0%	7,127	1	4.6%
Riverside Unified School District	4,000	3	2.7%	4,200	2	2.7%
Kaiser	3,484	4	2.4%	3,900	3	2.5%
City of Riverside	2,504	5	1.7%	2,749	4	1.8%
California Baptist University	2,285	6	1.6%			
Riverside Community Hospital	2,200	7	1.5%	1,600	8	1.0%
Alvord Unified School District	1,800	8	1.2%	2,000	5	1.3%
UTC Aerospace Systems	1,200	9	0.8%			
Parkview Community Hospital	897	10	0.6%	915	9	0.6%
Riverside Community College District				2,000	6	1.3%
Fleetwood Enterprises				1,963	7	1.3%
Riverside Medical Clinic				750	10	0.5%
Total	<u>38,921</u>		<u>26.7%</u>	<u>27,204</u>		<u>17.5%</u>

Source: City of Riverside, Economic Development Department

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

	2009	2010	2011	2012	2013	2014 <sup>2</sup>	2015	2016	2017	2018
<b>Function</b>										
General government	439.10	433.40	431.40	440.40	413.90	356.25	361.25	394.24	417.55	453.80
Public safety (sworn and non-sworn personnel)										
Police <sup>1</sup>	591.93	589.93	589.93	599.93	596.75	551.75	553.75	554.75	512.00	558.00
Fire	254.21	255.46	255.46	255.46	255.46	255.00	255.00	251.00	239.00	245.00
Highways and streets	369.65	349.50	348.11	357.11	362.11	333.48	308.00	308.00	272.00	271.00
Sanitation	58.60	59.00	56.00	56.00	57.00	59.00	57.00	59.00	59.00	59.00
Culture and recreation	340.71	328.07	328.07	341.22	351.48	269.98	274.45	286.75	276.23	276.10
Airport	7.00	7.00	9.50	9.50	9.50	6.00	6.00	6.00	7.00	7.00
Water	167.00	177.65	180.15	181.15	181.15	182.15	181.15	181.15	174.15	158.65
Electric	408.10	419.45	448.50	452.50	459.50	462.50	464.50	466.50	471.75	475.25
Total	2,636.30	2,619.46	2,647.12	2,693.27	2,686.85	2,476.11	2,461.10	2,507.39	2,428.68	2,503.80

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

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

Source: City of Riverside, Finance Department

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Arrests	10,150	8,690	8,118	7,736	8,362	9,321	10,310	9,242	8,358	8,423
Fire										
Number of calls answered	26,397	26,484	27,322	27,637	29,988	30,668	32,943	35,905	36,150	38,501
Inspections	7,638	7,234	6,505	10,074	10,151	12,476	8,770	6,636	6,482	6,519
Public works:										
Street resurfacing (miles)	18.90	20.00	21.25	18.43	16.50	35.38	38.75	39.01	27.09	17.37
Parks and recreation										
Number of recreation classes	21,884	27,762	37,303	43,318	41,364	45,707	43,007	53,907	53,308	54,025
Number of facility rentals	36,822	34,565	42,638	43,288	43,358	46,432	44,363	47,772	48,097	46,904
Water										
Number of accounts	64,062	64,231	64,349	64,367	64,591	64,829	65,102	65,094	65,428	65,640
Annual consumption (ccf)	29,721,236	26,687,271	25,902,439	27,062,142	28,186,178	28,887,304	26,007,490	22,529,463	25,340,729	27,514,374
Electric										
Number of accounts	106,385	106,335	106,855	107,321	107,525	108,358	108,388	108,776	109,274	109,619
Annual consumption (kwh)	2,282	2,089	2,016	2,103	2,193	2,152	2,167	2,170	2,197	2,195
Sewer:										
New connections	18,765	16,971	17,746	18,166	17,607	17,274	17,553	17,669	17,654	17,551
Average daily sewage treatment (millions of gallons)	33.00	33.29	30.06	29.84	29.57	28.49	27.15	26.35	27.19	26.16

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

N/A - not available

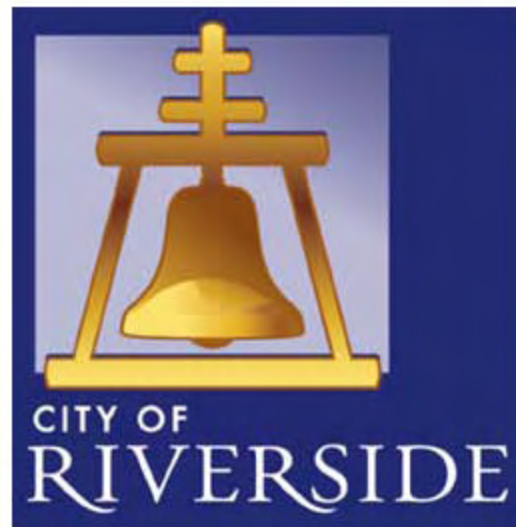
Source: City of Riverside, various departments

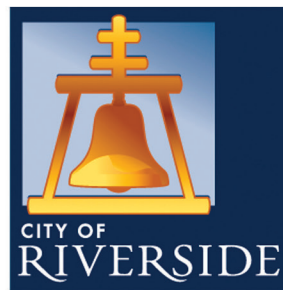
**Table 24**  
**City of Riverside**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Function</b>										
Public Safety										
Police										
Stations	3	3	3	3	3	3	3	3	3	3
Substations	5	4	4	4	4	4	4	4	5	4
Helicopters	4	4	4	4	4	3	3	3	3	2
Airplane	0	0	0	0	0	0	0	0	0	1
Fire										
Stations	14	14	14	14	14	14	14	14	14	14
Active apparatus	30	30	26	27	28	28	31	33	32	33
Reserve apparatus	7	7	9	9	11	11	8	9	9	9
Training facilities	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	866.89	867.96	868.39	868.70	868.89	871.19	872.16	872.22	872.01	872.24
Streetlights	29,675	29,757	29,868	29,933	29,949	29,968	29,986	30,427	30,467	30,479
Signalized intersections	365	362	362	365	365	367	386	381	382	384
Culture and recreation										
Parks acreage	2,773.00	2,773.00	2,811.00	2,811.00	2,891.00	2,911.80	2,926.80	2,983.00	2,983.00	2,988.00
Community centers	11	11	11	11	11	11	11	11	11	11
Playgrounds	41	41	41	41	43	44	44	46	46	46
Swimming pools	7	7	7	7	7	7	7	7	7	7
Softball & baseball diamonds	44	44	44	44	44	44	44	44	44	44
Library branches	7	7	8	8	8	8	8	8	8	8
Museum exhibit-fixed	6	5	8	5	3	3	4	5	5	0 <sup>1</sup>
Museum exhibit-special	2	2	2	1	4	4	5	6	6	1 <sup>1</sup>
Water										
Fire hydrants	7,523	7,593	7,632	7,682	7,726	7,754	7,758	7,908	7,952	8,173
Sewer										
Sanitary sewers (miles)	794	820	823	829	829	829	820	829	827	820
Electric										
Miles of overhead distribution system	522.0	519.0	517.0	515.0	513.0	513.0	513.0	513.0	513.0	514.0
Miles of underground system	769.0	782.0	791.0	804.0	810.0	814.0	815.0	817.0	826.0	831.0

<sup>1</sup> The decrease in total numbers of Museum's exhibits is due to the closure of the Riverside Metropolitan Museum for expansion and renovation. The Museum is expected to reopen as early as late 2020.

Source: City of Riverside, various departments





*City of Arts & Innovation*

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