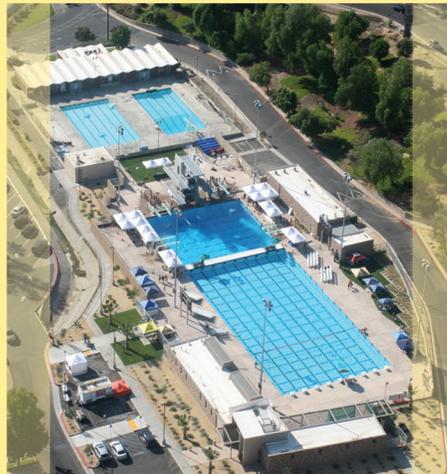
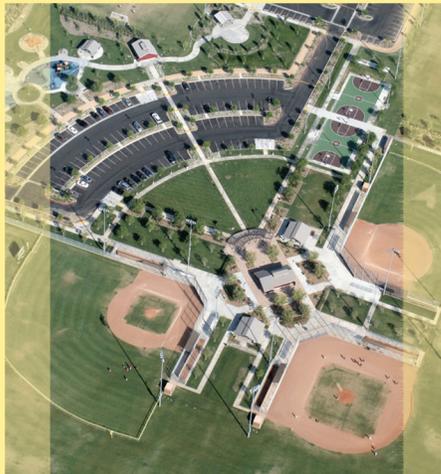


*City of Arts & Innovation*

# Comprehensive Annual Financial Report Year Ended June 30, 2011



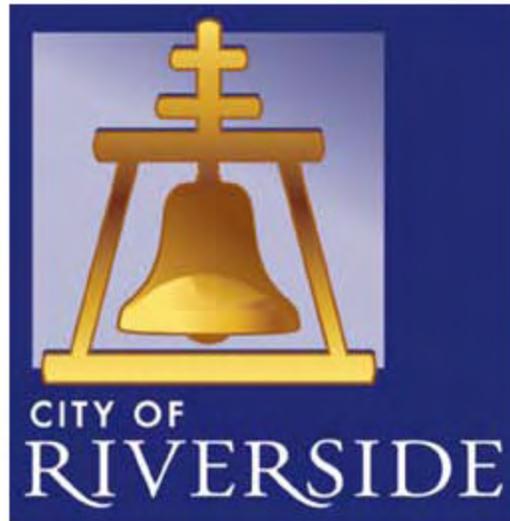
**CITY OF RIVERSIDE, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2011**

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**Prepared by the City Manager's Office – Finance Division  
Paul C. Sundeen, Assistant City Manager/Chief Financial Officer**

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

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**CITY OF RIVERSIDE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED JUNE 30, 2011**

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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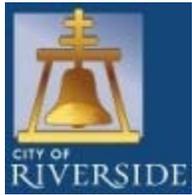
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October 14, 2011

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, 2011.

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

The City's financial statements have been audited by Moss Adams LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2011. The independent auditor's report is presented as the first component of the financial section of this CAFR.

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

Management has provided an overall analysis of the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A

can be found immediately following the report of the independent auditors.

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

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

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

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

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review at least thirty-five calendar days prior to the beginning of each fiscal year. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, which is the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 27 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 67.

**Local economy:** The City is located in the Inland Empire, which consists of Riverside and San Bernardino Counties (the "MSA"). The population of the Inland Empire at approximately 4.2 million is larger than 24 states. The City leads the Inland Empire in most measures of economic power, including population, income, employment, bank deposits, assessed valuation, office space and college enrollment. The population of the City is 304,051, which places it as the sixth largest in Southern California.

Until recently the MSA has experienced a very strong economic environment. However, unemployment is currently at 14.8%. The budget for the City for fiscal year 2011/2012 projects a 12% increase in expenditures, but is balanced. The increase in expenditures is largely related to capital outlay.

The MSA is projected to grow rapidly in future years because land values 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.

**Priorities for the future:** A Citywide Strategic Planning document has been developed through a series of meetings, workshops, and surveys with the community, elected officials, and City employees. The plan, as updated, sets forth five goals as follows:

- **Economic Development**
- **Environmental Leadership**
- **Transportation**
- **Livable Communities and Neighborhoods**
- **Arts and Innovation**

**Long-term financial planning.** Annually, the City updates a five (5) year Capital Improvement Program (CIP). Planned capital expenditures during fiscal years 2011/12 - 2015/16 total approximately \$832 million. The projects encompass all seven Council wards and enhance the life of all residents. Funding comes from multiple sources, including existing funds; General Fund certificates of participation; Redevelopment Agency tax allocation bonds; and regional, state and federal funds. In addition to routine electric, water, sewer and transportation-related projects, the CIP includes improvements to parks in the City; railroad grade separations; library, museum, convention center and Municipal Auditorium improvements/expansions/rehabilitations; and, public safety projects.

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

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Riverside for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the twenty third consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



Scott C. Barber  
Interim City Manager



Paul C. Sundeen  
Assistant City Manager/CFO/Treasurer

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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President



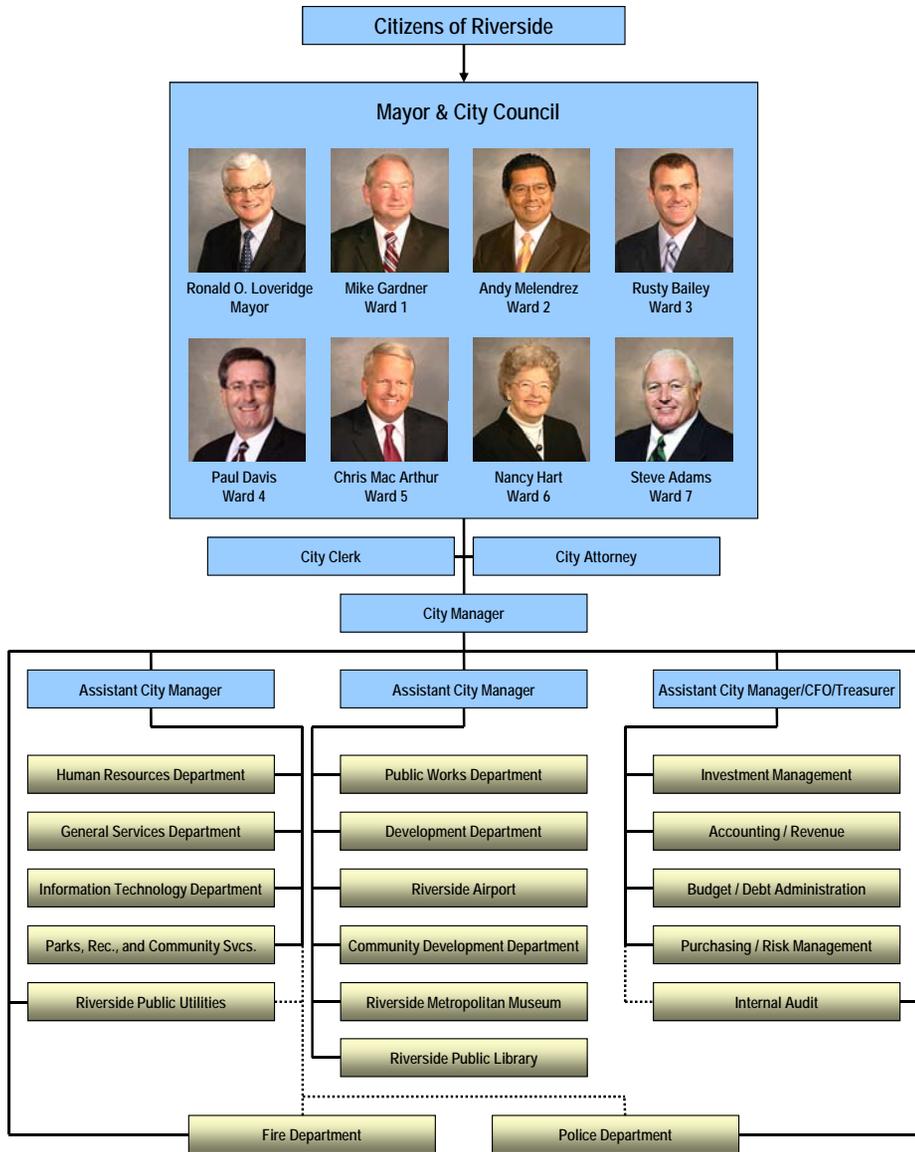
Executive Director

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, 2010.

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

Ronald O. Loveridge ..... Mayor  
 Mike Gardner ..... Councilmember – Ward 1  
 Andy Melendrez ..... Councilmember – Ward 2  
 Rusty Bailey ..... Councilmember – Ward 3  
 Paul Davis ..... Councilmember – Ward 4  
 Chris Mac Arthur ..... Councilmember – Ward 5  
 Nancy Hart ..... Councilmember – Ward 6  
 Steve Adams ..... Councilmember – Ward 7

## CITY OFFICIALS

Scott C. Barber ..... Interim City Manager\*  
 Belinda Graham ..... Assistant City Manager  
 Deanna Lorson ..... Assistant City Manager  
 Paul C. Sundeen ..... Assistant City Manager/CFO  
 Mark S. Ripley ..... Airport Director  
 Colleen J. Nicol ..... City Clerk\*  
 Gregory P. Priamos ..... City Attorney\*  
 Tom Boyd ..... City Engineer  
 Sergio G. Diaz ..... Chief of Police  
 Steve Reneker ..... Chief Information Officer  
 Dan Chudy ..... Interim Community Development Director  
 Emilio Ramirez ..... Development Director  
 Brent A. Mason ..... Finance Director  
 Steve Earley ..... Fire Chief  
 Kris Martinez ..... General Services Director  
 Rhonda Strout ..... Human Resources Director  
 Tonya Kennon ..... Library Director  
 Ennette Morton ..... Museum Director  
 Ralph Nuñez ..... Parks and Recreation Director  
 David Wright ..... General Manager - Public Utilities  
 Siobhan Foster ..... Public Works Director

\*Appointed by City Council

## REPORT OF INDEPENDENT AUDITORS

Honorable Mayor and Members of the City Council  
City of Riverside  
3900 Main Street  
Riverside, California

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Riverside, California, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor and Members of the City Council  
City of Riverside

The Management's Discussion and Analysis on pages 3 through 19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 nonmajor fund financial statements, and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

*Mess Adams LLP*

Los Angeles, California  
October 14, 2011

## Management's Discussion and Analysis

As management of the City of Riverside, we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on page i of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the excess of assets over liabilities reported as net assets. Over time, increases or decreases in the net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include the City and its component units. The City's component units are the Riverside Redevelopment Agency, 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.

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

The government-wide financial statements can be found on pages 21-22 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 unreserved 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 seventeen 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, the Redevelopment Agency Debt Service Fund, the COPS Debt Service Fund, the Capital Outlay Fund, and the Redevelopment Capital Project Fund all of 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 63-70 in this report.

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

The governmental fund financial statements can be found on pages 23-27 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements (*business type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water and Sewer operations, all of which are considered to be major funds of the City. The four remaining proprietary funds noted above are combined into a single, aggregated presentation. All internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major proprietary funds and the internal service funds is provided in the form of *combining statements* and can be found on pages 71-80 in this report.

The basic proprietary fund financial statements can be found on pages 28-32 of this report.

**Agency funds.** Agency funds are used to account for situations where the City's role is purely custodial. Agency 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. All assets reported in agency funds are offset by a liability; the accrual basis of accounting is used to recognize receivables and payables.

The agency fund financial statement can be found on page 33 of this report, and the combining statement can be found on page 81.

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

## Government-wide Financial Analysis

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

	Governmental Activities		Business type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 620,030	\$ 645,237	\$ 930,414	\$ 867,615	\$ 1,550,444	\$ 1,512,852
Capital assets, net	<u>1,214,316</u>	<u>1,168,832</u>	<u>1,338,272</u>	<u>1,220,188</u>	<u>2,552,588</u>	<u>2,389,020</u>
Total assets	<u>1,834,346</u>	<u>1,814,069</u>	<u>2,268,686</u>	<u>2,087,803</u>	<u>4,103,032</u>	<u>3,901,872</u>
Current liabilities	91,317	98,782	137,667	157,389	228,984	256,171
Long-term liabilities	<u>732,476</u>	<u>710,688</u>	<u>1,163,610</u>	<u>990,212</u>	<u>1,896,086</u>	<u>1,700,900</u>
Total liabilities	<u>823,793</u>	<u>809,470</u>	<u>1,301,277</u>	<u>1,147,601</u>	<u>2,125,070</u>	<u>1,957,071</u>
Net assets:						
Invested in capital assets, net of related debt	1,019,892	976,614	654,974	660,619	1,674,866	1,637,233
Restricted	80,820	108,932	56,397	59,863	137,217	168,795
Unrestricted	<u>(90,159)</u>	<u>(80,947)</u>	<u>256,038</u>	<u>219,720</u>	<u>165,879</u>	<u>138,773</u>
Total net assets	<u>\$1,010,553</u>	<u>\$1,004,599</u>	<u>\$967,409</u>	<u>\$940,202</u>	<u>\$1,977,962</u>	<u>\$1,944,801</u>

\* Certain reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

The City's assets exceeded liabilities by \$1,977,962 at June 30, 2011, an increase of \$33,161 from June 30, 2010.

By far the largest portion of the City's net assets (85 percent) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure), net of any related debt that is still outstanding used to acquire those assets and net of unspent bond proceeds and cash held in bond reserve accounts. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

An additional portion of the City's net assets (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$256,038 is held by the business type activities and a negative \$90,159 is held by the governmental activities. The Riverside Redevelopment Agency (the Agency), a blended component unit of the City, represents \$103,289 of negative unrestricted net assets for 2011 and was a negative \$81,490 in the prior year. The remaining governmental activities of the City have positive

unrestricted net assets of \$13,132 in 2011 and \$543 in 2010. Unrestricted net assets for governmental activities decreased in total in comparison to the prior year, which is primarily attributable to the Redevelopment Agency.

The Agency exists to finance improvements that serve to remediate blight within the City. Often these activities do not result in a residual asset, but rather underwrite the cost of a development activity deemed beneficial in meeting the Agency's objectives. The resulting statement of net assets reflects the debt obligation to be repaid through future tax revenues, without an offsetting asset. While this is the routine functioning of such an entity, when blended with the City, its negative unrestricted net assets causes the governmental activities to report a negative position.

The City's total net assets increased by \$33,161 during the current fiscal year, which reflects growth in governmental activities (\$5,954) and growth in business type activities (\$27,207) activities. Governmental operating results is discussed on page 9 and business-type operating results is discussed on page 15.

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, 2011 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.

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 42,481	\$ 41,324	\$434,581	\$420,017	\$477,062	\$461,341
Operating Grants and Contributions	21,127	32,853	2,159	2,487	23,286	35,340
Capital Grants and Contributions	38,138	23,395	7,337	6,838	45,475	30,233
General Revenues:						
Sales taxes	44,157	39,645	-	-	44,157	39,645
Property taxes	100,802	104,087	-	-	100,802	104,087
Other taxes and fees	35,644	34,279	-	-	35,644	34,279
Investment income	7,439	8,289	17,548	21,271	24,987	29,560
Other	9,544	3,344	4,808	7,447	14,352	10,791
Total revenues	<u>299,332</u>	<u>287,216</u>	<u>466,433</u>	<u>458,060</u>	<u>765,765</u>	<u>745,276</u>
Expenses:						
General government	102,877	119,676	-	-	102,877	119,676
Public safety	123,061	118,868	-	-	123,061	118,868
Highways and streets	24,082	22,036	-	-	24,082	22,036
Culture and recreation	44,098	37,679	-	-	44,098	37,679
Interest on long-term debt	33,638	32,049	-	-	33,638	32,049
Electric	-	-	275,922	256,860	275,922	256,860
Water	-	-	56,390	55,402	56,390	55,402
Sewer	-	-	42,276	41,248	42,276	41,248
Refuse	-	-	20,046	20,527	20,046	20,527
Airport	-	-	2,320	2,206	2,320	2,206
Transportation	-	-	3,493	3,368	3,493	3,368
Public Parking	-	-	4,401	4,024	4,401	4,024
Total expenses	<u>327,756</u>	<u>330,308</u>	<u>404,848</u>	<u>383,635</u>	<u>732,604</u>	<u>713,943</u>
Increase (decrease) in net assets before transfers	(28,424)	(43,092)	61,585	74,425	33,161	31,333
Transfers, net	<u>34,378</u>	<u>40,153</u>	<u>(34,378)</u>	<u>(40,153)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	5,954	(2,939)	27,207	34,272	33,161	31,333
Net assets – beginning	<u>1,004,599</u>	<u>1,007,538</u>	<u>940,202</u>	<u>905,930</u>	<u>1,944,801</u>	<u>1,913,468</u>
Net assets – ending	<u>\$1,010,553</u>	<u>\$1,004,599</u>	<u>\$967,409</u>	<u>\$940,202</u>	<u>\$1,977,962</u>	<u>\$1,944,801</u>

**Governmental activities.** Net assets for governmental activities increased by \$5,954, accounting for a 0.1 percent increase in total net assets. Governmental net assets in the prior fiscal year decreased by \$2,939. Key elements of this year's activity in relation to the prior year are as follows:

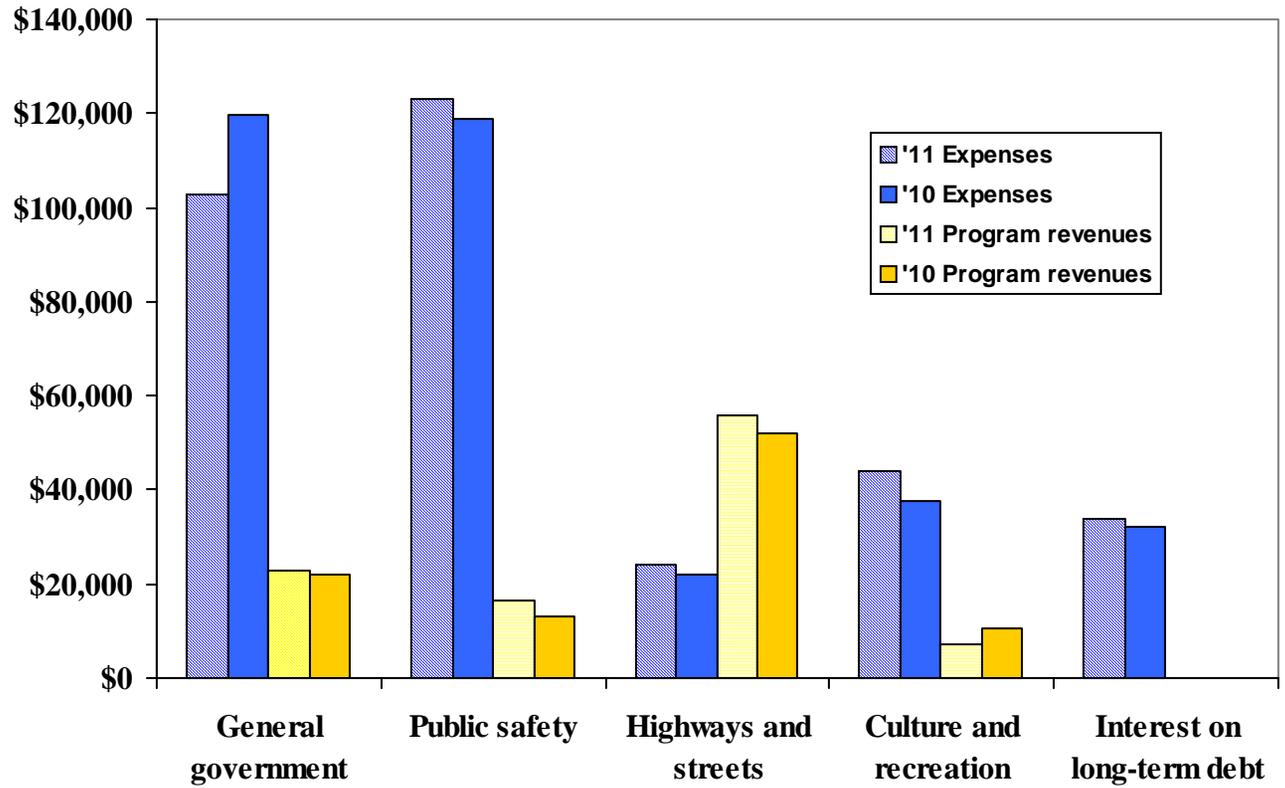
**Revenues:**

- Sales tax revenue increased by \$4.5 million (11%) due to an increase in taxable sales. Higher fuel prices and usage, robust sales of new autos and rebounds in restaurants and general consumer goods helped boost overall receipts.
- Property tax revenue decreased by \$3.2 million (3%) due to a decline in assessed property values, which was offset by an increase in grants and contributions of \$3 million.

**Expenses:**

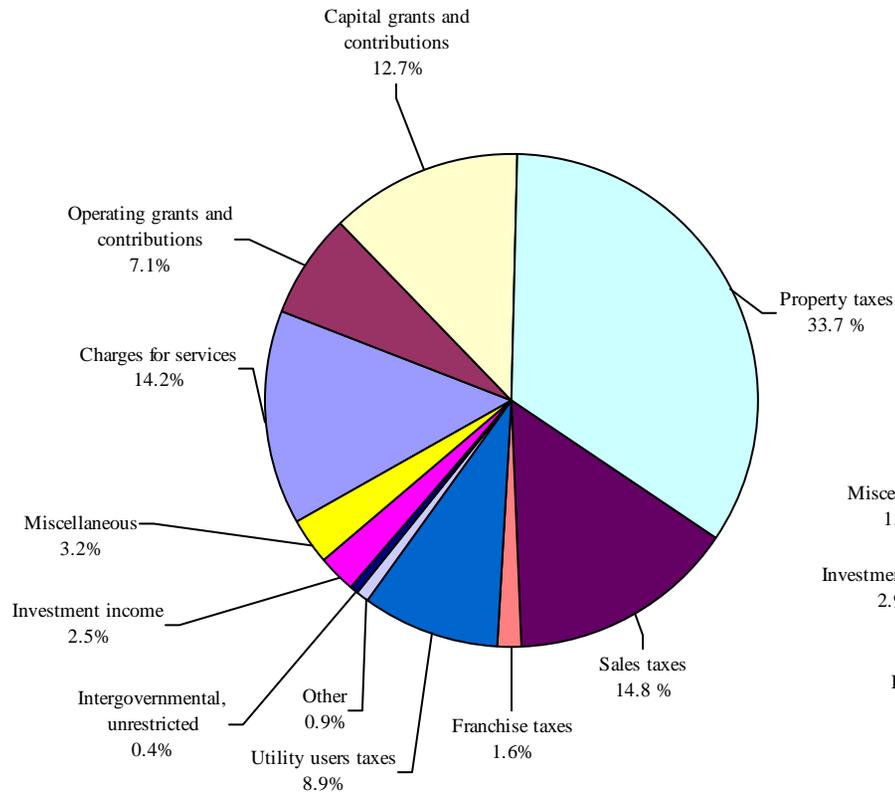
- While variances between years exist for the various expense functions, the total net decrease was approximately \$2.5 million. The more significant items are as follows:
  - In May 2010 and May 2011, payments from the redevelopment agency were made to the Supplemental Educational Revenue Augmentation Fund ("SERAF") in the amount of \$17 million and \$3.5 million, respectively, as required by State Legislation. The SERAF payment that was made in the current year was \$13.5 million less than the prior year.
  - Depreciation expense increased by \$4 million (13%) due a \$91 million increase in depreciable capital assets in the current year and \$141 million in the prior year, which is a 22 percent increase over the two-year period.
  - Increased costs associated with interest expense (\$1.6 million) and compensated absences (\$1 million).

**Expenses and Programs Revenues – Governmental Activities – Fiscal Year Comparison 2011 vs. 2010**

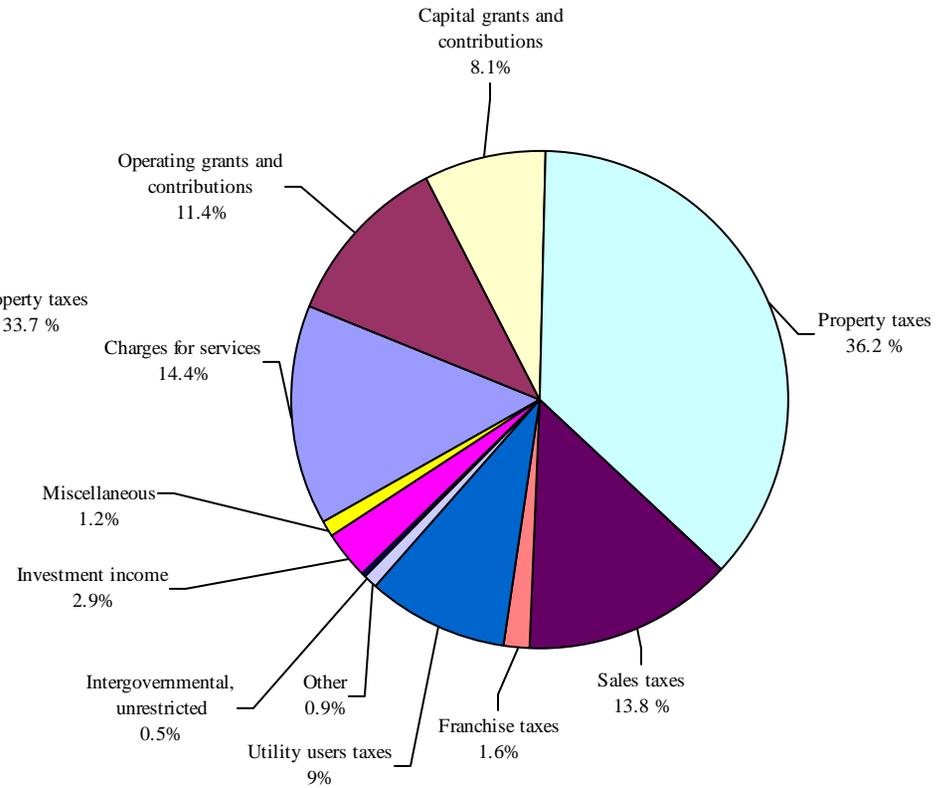


## Revenues by Source – Governmental Activities – Fiscal Year Comparison

2011



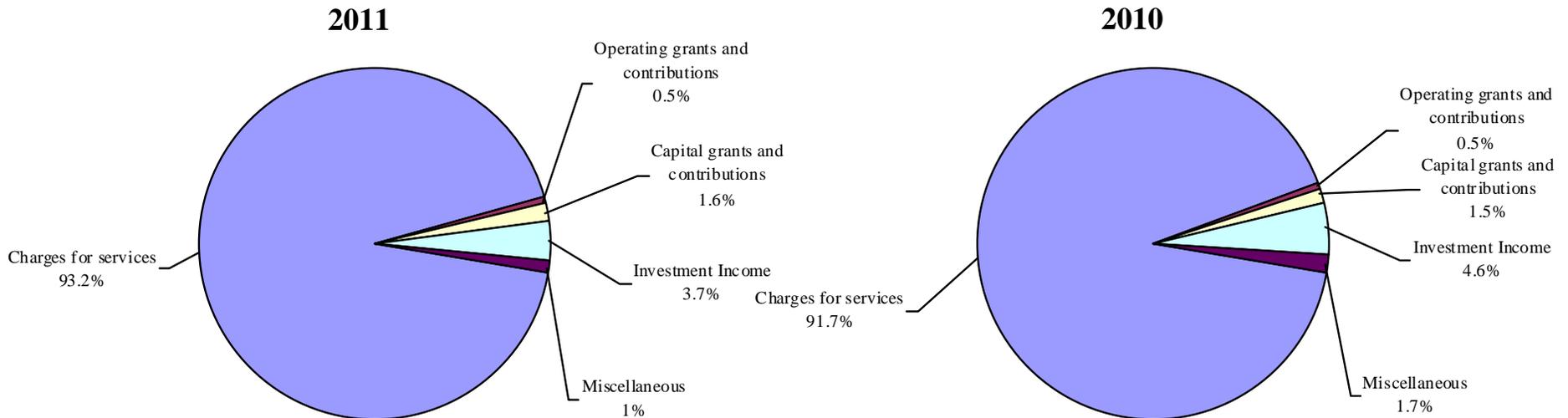
2010



**Business-type activities.** Business type activities increased the City’s net assets by \$27,207, accounting for a 1 percent increase in total net assets. The net assets of business type activities increased by \$34,272 in the prior year. Key elements of this year’s activity in relation to the prior year are as follows:

- In 2011, charges for services increased \$14,564 to \$434,581. The increase primarily related to increases in Sewer and Water revenues, which is explained in further detail as follows:
  - Sewer charges for services increased by \$5,427 (20%). New rates and charges went into effect on July 1, 2010 for residential, commercial and industrial customers. Rates for basic single family and multi-family dwellings increased by 24%, which is the primary reason for the increase in Sewer charges for services (approximately \$4 million).
  - Water charges for services increased by \$4,550 (8%) primarily due to an increase of approximately \$4 million in retail sales. The increase in retail sales was primarily due to recent rate increases required to support the Water Utility’s Master, Water Supply and Asset Management Plans, offset by a 3% reduction in retail consumption.
- Expenses increased \$21,213 primarily due to a \$19 million increase in Electric Utility operating expenses, which primarily related to an increase in transmission costs and distribution expenses.

**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, Redevelopment Debt Service, COPS Debt Service, Capital Outlay, Redevelopment Capital Projects, and Other Governmental Funds. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

	General Fund		Redevelopment Debt Service		COPS Debt Service			
	2011	2010	2011	2010	2011	2010		
Total assets	\$ 212,468	\$ 129,623	\$ 46,531	\$ 45,140	\$ 33,454	\$ 32,917		
Total liabilities	\$ 51,625	\$ 50,433	\$ 23,425	\$ 24,225	\$ 34	\$ 37		
Fund balances								
Nonspendable	26,646	27,437	-	-	-	-		
Restricted	82,249	10,535	23,106	20,915	33,420	32,880		
Assigned	15,589	9,195	-	-	-	-		
Unassigned	36,359	32,023	-	-	-	-		
Total	160,843	79,190	23,106	20,915	33,420	32,880		
Total liabilities and fund balances	\$ 212,468	\$ 129,623	\$ 46,531	\$ 45,140	\$ 33,454	\$ 32,917		
	Capital Outlay		Redevelopment Capital Projects		Other Governmental Funds		Total Governmental Funds	
	2011	2010	2011	2010	2011	2010	2011	2010
Total assets	\$ 48,975	\$ 42,324	\$ 126,943	\$ 199,412	\$ 97,290	\$ 102,771	\$ 565,661	\$ 552,187
Total liabilities	\$ 35,468	\$ 21,433	\$ 75,049	\$ 61,918	\$ 32,962	\$ 33,383	\$ 218,563	\$ 191,429
Fund balances								
Nonspendable	-	-	1	1	1,625	1,621	28,272	29,059
Restricted	13,507	20,891	51,893	137,493	62,703	67,767	266,878	290,481
Assigned	-	-	-	-	-	-	15,589	9,195
Unassigned	-	-	-	-	-	-	36,359	32,023
Total	13,507	20,891	51,894	137,494	64,328	69,388	347,098	360,758
Total liabilities and fund balances	\$ 48,975	\$ 42,324	\$ 126,943	\$ 199,412	\$ 97,290	\$ 102,771	\$ 565,661	\$ 552,187

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$347,098, a decrease of \$13,660 in comparison with the prior year. About 8% of this amount (\$28,272) is *nonspendable*, which comprises the portion of fund balance that cannot be spent due to form. Approximately 77% (\$266,878) 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. \$15,589 (4%) of fund balance is constrained by the City's intent to utilize fund balance for specific purposes, which is reported within the fund balance classification *assigned*. The remainder of the fund balance is *unassigned*, meaning it is available for spending at the City's discretion. Of that amount, \$32,000 has been set aside for future economic contingencies, leaving \$4,359; at June 30, 2010 the comparable amount was \$2,023. The City's governmental funds reported combined total assets of \$565,661 at June 30, 2011, an increase of \$13,474 in comparison with the prior year which was offset by an increase of \$27,134 in total liabilities. The primary reason for the overall decrease in related fund balances is due to expenditure of capital projects in the Redevelopment Capital Projects Fund.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled \$160,843 in comparison to \$79,190 in the prior year. The portion of fund balance classified as unassigned was \$36,359, most of which was set aside for future economic contingencies. Fund balance increased during the current year by \$81,653 in comparison to an increase of \$1,811 in the prior year. The primary reason for this is due to the transfer of \$78,896 of land held for resale from the Redevelopment Capital Projects Fund.

The Redevelopment Debt Service Fund has a total fund balance of \$23,106 all of which is restricted. A net increase of \$2,191 in the fund balance occurred during the current year primarily due to the sale of agency parcels for the construction of the Fox Entertainment Plaza.

Fund balance for the Certificates of Participation Debt Service Fund increased by \$540.

Fund balance for the Capital Outlay Fund decreased by \$7,384. The primary reason for this is due to a number of large capital projects related to the 91 freeway interchanges and grade separation projects.

Fund balance for the Redevelopment Capital Projects Fund decreased by \$85,600. This is largely related to the transfer of \$78,896 of land held for resale to the General Fund, as discussed earlier.

**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 assets of the Electric, Water and Sewer operations at the end of the year amounted to \$199,057, \$52,181, and \$2,746 respectively. The total change in net assets for these funds was an increase of \$10,069, an increase of \$23,739 and a decrease of \$5,418, respectively as a result of routine operations.

The Electric Fund reported strong operating results, with retail revenues exceeding the previous all-time record, primarily from the effects of rate increases in years prior to fiscal year 2011 along with an expanded customer base which was partially offset by a reduction in consumption. Retail sales (residential, commercial, industrial, and other sales) represent 83.4% of total revenues. Retail sales, net of reserve/recovery were \$278,406 and \$274,206 for years ended June 30, 2011 and 2010, respectively. Total expenses, excluding transfers, increased \$19 million (7.6%), which primarily related to an increase in transmission costs and distribution expenses.

The Water Fund reported strong operating results, with retail sales exceeding the previous year's results. Retail sales (residential, commercial, industrial, and other sales) represent 65% of total revenues. Retail sales, net of reserve/recovery were \$55,186 and \$51,147 for years ended June 30, 2011 and 2010, respectively. The increase in sales was primarily due to recent rate increases to support the Water Utility's Master, Water Supply and Asset Management Plans, partially offset by a 3% reduction in retail consumption.

Net assets of the Sewer Fund decreased by \$5,418 and \$9,549 for years ended June 30, 2011 and 2010, respectively. Total revenues increased by \$6,088 (19%) primarily as a result of a rate increase. However, total expenses increased by \$1,957 (5%) primarily as a result of an increase in routine operating expenses.

## General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Total Revenues	<u>\$154,974</u>	<u>\$174,633</u>	<u>\$170,906</u>	<u>\$ (3,727)</u>
Expenditures:				
General Government	2,958	2,958	9,347	(6,389)
Public Safety	131,726	148,129	138,620	9,509
Highways & Streets	14,528	17,940	14,587	3,353
Culture & Recreation	24,506	30,629	25,360	5,269
Capital Outlay	-	1,617	1,617	-
Debt Service	<u>13,794</u>	<u>44,497</u>	<u>44,225</u>	<u>272</u>
Total Expenditures	<u>187,512</u>	<u>245,770</u>	<u>233,756</u>	<u>12,014</u>
Deficiency of Revenue Under Expenditures	(32,538)	(71,137)	(62,850)	8,287
Other Financing Sources	<u>32,538</u>	<u>140,575</u>	<u>144,503</u>	<u>3,928</u>
Net Change in Fund Balances	-	69,438	81,653	12,215
Beginning Fund Balance	<u>79,190</u>	<u>79,190</u>	<u>79,190</u>	<u>-</u>
Ending Fund Balance	<u>\$ 79,190</u>	<u>\$ 148,628</u>	<u>\$160,843</u>	<u>\$ 12,215</u>

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

Actual amounts differed from the final fund budget as follows:

- Approximately \$10.7 million of grant revenue was budgeted but not actually received during the year since the related grant expenditures had not been incurred.
- Actual tax revenue was more than the amounts budgeted for sales taxes (\$4.2 million), property taxes (\$1 million), and utility user taxes (\$800 thousand) due to higher than anticipated taxable sales, assessed property values, and utility revenues.
- Actual expenditures were less than budgeted amounts by approximately \$12 million. This is primarily associated with capital projects not completed during the year (which are carried over to the next fiscal year).

## Capital Asset and Debt Administration

**Capital assets.** The City’s investment in capital assets for governmental and business type activities as of June 30, 2011 amounted to \$2,552,588 (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 \$163,568 (\$45,484 for governmental activities including internal service funds and \$118,084 for business type activities).

Major capital improvements during the current fiscal year included: new infrastructure, consisting primarily of street improvements (\$29 million); Sewer system improvements (\$29 million); Electric Utility upgrades (\$75 million) and Water Utility upgrades (\$19 million).

Construction in progress totaled \$131,211 at June 30, 2011. Some of the major projects in process are various Sewer system improvements, a 203 KV transmission substation, and the Evans Reservoir Replacement Project. Depreciation expense during the fiscal year was \$37,258 for governmental activities and \$48,875 for business type activities.

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

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$290,692	\$280,446	\$ 34,905	\$ 34,820	\$ 325,597	\$ 315,266
Intangibles	-	-	16,128	6,307	16,128	6,307
Buildings	123,319	127,421	144,579	144,774	267,898	272,195
Improvements other than Buildings	154,601	118,333	1,005,897	835,239	1,160,498	953,572
Machinery and equipment	19,754	24,427	29,114	29,575	48,868	54,002
Infrastructure	602,388	572,999	-	-	602,388	572,999
Construction in progress	<u>23,562</u>	<u>45,206</u>	<u>107,649</u>	<u>169,473</u>	<u>131,211</u>	<u>214,679</u>
Total	<u>\$1,214,316</u>	<u>\$1,168,832</u>	<u>\$1,338,272</u>	<u>\$1,220,188</u>	<u>\$2,552,588</u>	<u>\$2,389,020</u>

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

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$1,896,086 which includes bonded debt of \$1,732,935.

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

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue Bonds	\$305,195	\$278,867	\$1,071,554	\$968,393	\$1,376,749	\$1,247,260
General Obligation Bonds	16,845	17,533	-	-	16,845	17,533
Pension Obligation Bonds	132,095	136,050	-	-	132,095	136,050
Certificates of Participation	207,246	211,212	-	-	207,246	211,212
Notes Payable	7,749	8,191	31,178	7,249	38,927	15,440
Loans Payable	1,100	1,100	45,569	-	46,669	1,100
Capital Leases	6,670	6,303	1,720	2,151	8,390	8,454
Landfill Capping	-	-	6,915	7,380	6,915	7,380
Arbitrage Liability	-	-	102	27	102	27
Compensated Absences	21,153	20,101	-	-	21,153	20,101
Claims liability	26,615	25,541	-	-	26,615	25,541
Net OPEB Obligation	7,808	5,790	5,625	4,063	13,433	9,853
Water Acquisition Rights	-	-	947	949	947	949
<b>Total</b>	<u>\$732,476</u>	<u>\$710,688</u>	<u>\$1,163,610</u>	<u>\$990,212</u>	<u>\$1,896,086</u>	<u>\$1,700,900</u>

The City's total debt increased by \$195,186 (11 percent) during the current fiscal year primarily due to the issuance of \$255,830 of Electric and Water Revenue Bonds.

The City's Water Utility maintains "AA+" 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 \$614,887 at June 30, 2011, which applies only to general obligation debt. At June 30, 2011, the City had \$16,845 of general obligation debt, resulting in available legal debt capacity of \$598,042.

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

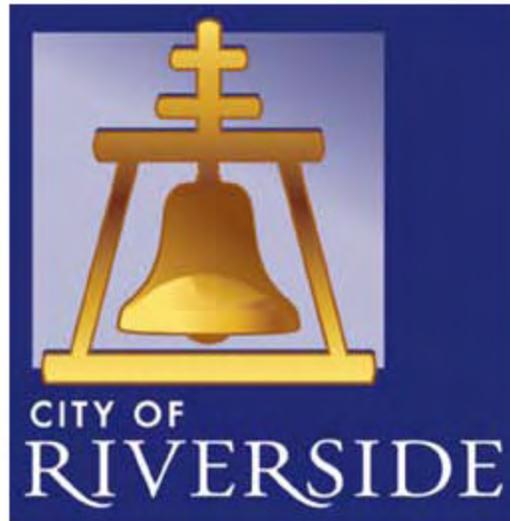
### **Economic Factors and Next Year's Budget and Rates**

- Unemployment in the City of Riverside is 14.8% as compared to 13.7% for the prior year.
- The required contribution rates as a percentage of payroll for the City's retirement program, including the employee portion which is paid by the City, will be changing effective July 1, 2011 as follows:
  - Miscellaneous Plan – 22.507% to 26.438%
  - Safety Plan – 29.756% to 34.303%

At the time of budget preparation for fiscal year 2012, the economic outlook for the City was considered to be stable. The General Fund Budget for fiscal year 2012 of approximately \$211 million was adopted as balanced, not having to utilize any reserves. It represents an increase from the prior year of approximately 8%, principally as a result of increases to retirement costs, absorption of costs previously funded by the Redevelopment Agency, consolidation of the Neglected Property Abatement Fund and an increase in the amount contributed to the Self-Insurance Trust Fund.

### **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 City Manager's Office, Finance Division, 3900 Main Street City of Riverside, CA 92522.



**City of Riverside**  
**Statement of Net Assets**  
**June 30, 2011**  
**(amounts expressed in thousands)**

	<b>Governmental</b>	<b>Business-type</b>	
<b>Assets</b>	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
Cash and investments	\$ 162,084	\$ 248,586	\$ 410,670
Receivables, net	111,536	52,043	163,579
Inventory	7,435	1,184	8,619
Nuclear material inventory	-	1,905	1,905
Prepaid items	412	12,662	13,074
Deposits	400	-	400
Deferred charges - other	122,414	42,022	164,436
Deferred charges - derivative instruments	9,496	10,016	19,512
Internal balances	(3,257)	3,257	-
Land and improvements held for resale	94,097	-	94,097
Restricted assets:			
Cash and cash equivalents	-	36,295	36,295
Cash and investments at fiscal agent	91,988	521,631	613,619
Other	-	813	813
Capital leases receivable	23,425	-	23,425
Land and other capital assets not being depreciated	314,254	158,682	472,936
Capital assets (net of accumulated depreciation)	<u>900,062</u>	<u>1,179,590</u>	<u>2,079,652</u>
Total assets	<u>1,834,346</u>	<u>2,268,686</u>	<u>4,103,032</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	40,923	22,666	63,589
Accrued interest payable	9,635	12,793	22,428
Deferred revenue	2,029	1,656	3,685
Deposits	23,908	3,711	27,619
Current liabilities payable from restricted assets	-	5,726	5,726
Deferred charges - derivative instruments	-	482	482
Derivative instruments	14,822	22,664	37,486
Decommissioning liability	-	67,969	67,969
Noncurrent liabilities:			
Due within one year	67,198	29,157	96,355
Due in more than one year	<u>665,278</u>	<u>1,134,453</u>	<u>1,799,731</u>
Total liabilities	<u>823,793</u>	<u>1,301,277</u>	<u>2,125,070</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	1,019,892	654,974	1,674,866
Restricted for:			
Expendable:			
Capital projects	18,609	-	18,609
Debt service	-	48,063	48,063
Economic development	9,658	-	9,658
Landfill capping	-	2,247	2,247
Public works	12,923	-	12,923
Housing	38,005	-	38,005
Programs	-	6,087	6,087
Nonexpendable	1,625	-	1,625
Unrestricted	<u>(90,159)</u>	<u>256,038</u>	<u>165,879</u>
Total net assets	<u>\$ 1,010,553</u>	<u>\$ 967,409</u>	<u>\$ 1,977,962</u>

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

City of Riverside  
Statement of Activities  
For the fiscal year ended June 30, 2011  
(amounts expressed in thousands)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business type Activities	Total
Governmental activities:								
General government	\$ 102,877	\$ (41,395)	\$ 14,241	\$ 8,422	\$ 44	\$ (38,775)		\$ (38,775)
Public safety	123,061	22,294	8,075	8,209	-	(129,071)		(129,071)
Highways and streets	24,082	11,007	16,985	745	38,027	20,668		20,668
Culture and recreation	44,098	8,094	3,180	3,751	67	(45,194)		(45,194)
Interest on long-term debt	33,638	-	-	-	-	(33,638)		(33,638)
Total governmental activities	<u>327,756</u>	<u>-</u>	<u>42,481</u>	<u>21,127</u>	<u>38,138</u>	<u>(226,010)</u>		<u>(226,010)</u>
Business type activities:								
Electric	275,922		313,703	-	4,056		\$ 41,837	41,837
Water	56,390		62,084	-	1,982		7,676	7,676
Sewer	42,276		32,769	-	575		(8,932)	(8,932)
Refuse	20,046		19,134	-	-		(912)	(912)
Airport	2,320		1,342	-	-		(978)	(978)
Transportation	3,493		344	2,159	714		(276)	(276)
Public parking	4,401		5,205	-	10		814	814
Total business type activities	<u>404,848</u>		<u>434,581</u>	<u>2,159</u>	<u>7,337</u>		<u>39,229</u>	<u>39,229</u>
Total	<u>\$ 732,604</u>		<u>\$ 477,062</u>	<u>\$ 23,286</u>	<u>\$ 45,475</u>	<u>(226,010)</u>	<u>39,229</u>	<u>(186,781)</u>
General revenues:								
Taxes:								
Sales								
Property						44,157	-	44,157
Utility users						100,802	-	100,802
Franchise						26,691	-	26,691
Other						4,937	-	4,937
						2,731	-	2,731
Intergovernmental, unrestricted								
Investment income						1,285	-	1,285
Miscellaneous						7,439	17,548	24,987
Subtotal						<u>9,544</u>	<u>4,808</u>	<u>14,352</u>
Transfers, net								
Total general revenues and transfers						<u>197,586</u>	<u>22,356</u>	<u>219,942</u>
Change in net assets						<u>34,378</u>	<u>(34,378)</u>	<u>-</u>
Net assets - beginning						<u>231,964</u>	<u>(12,022)</u>	<u>219,942</u>
Net assets - ending						<u>5,954</u>	<u>27,207</u>	<u>33,161</u>
						<u>1,004,599</u>	<u>940,202</u>	<u>1,944,801</u>
						<u>\$ 1,010,553</u>	<u>\$ 967,409</u>	<u>\$ 1,977,962</u>

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

City of Riverside  
Balance Sheet  
Governmental Funds  
June 30, 2011  
(amounts expressed in thousands)

<b>Assets</b>	<b>General Fund</b>	<b>Redevelopment Debt Service</b>	<b>Certificates of Participation Debt Service</b>	<b>Capital Outlay</b>	<b>Redevelopment Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and investments	\$ 42,944	\$ 15,416	\$ 470	\$ -	\$ 65,494	\$ 33,524	\$ 157,848
Cash and investments at fiscal agent	5,349	7,406	25,269	5,719	45,654	2,591	91,988
Receivables (net of allowance for uncollectibles)							
Interest	416	113	-	93	216	289	1,127
Property taxes	6,203	-	305	-	-	-	6,508
Sales tax	9,641	-	-	-	-	-	9,641
Utility billed	736	-	-	-	-	-	736
Accounts	9,187	171	-	11,673	200	291	21,522
Intergovernmental	3,032	-	-	31,313	1	3,760	38,106
Notes	35	-	-	-	10,921	22,734	33,690
Capital lease receivable	-	23,425	-	-	-	-	23,425
Prepaid items	411	-	-	-	1	-	412
Deposits	-	-	-	177	223	-	400
Due from other funds	31,980	-	-	-	-	-	31,980
Advances to other funds	26,200	-	7,410	-	-	20,571	54,181
Land & improvements held for resale	76,334	-	-	-	4,233	13,530	94,097
Total assets:	<u>\$ 212,468</u>	<u>\$ 46,531</u>	<u>\$ 33,454</u>	<u>\$ 48,975</u>	<u>\$ 126,943</u>	<u>\$ 97,290</u>	<u>\$ 565,661</u>
<b>Liabilities and fund balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 5,319	\$ -	\$ 34	\$ 3,995	\$ 12,260	\$ 1,349	\$ 22,957
Accrued payroll	15,013	-	-	-	73	25	15,111
Retainage payable	362	-	-	-	224	1,105	1,691
Intergovernmental	169	-	-	-	-	-	169
Deferred revenue	6,455	23,425	-	1,349	3,332	24,480	59,041
Deposits	23,872	-	-	-	-	36	23,908
Due to other funds	-	-	-	30,124	-	1,851	31,975
Advances from other funds	435	-	-	-	59,160	4,116	63,711
Total liabilities:	<u>51,625</u>	<u>23,425</u>	<u>34</u>	<u>35,468</u>	<u>75,049</u>	<u>32,962</u>	<u>218,563</u>
<b>Fund balances:</b>							
<b>Nonspendable:</b>							
Inventories, prepaids and noncurrent receivables	446	-	-	-	1	-	447
Advances to other funds	26,200	-	-	-	-	-	26,200
Permanent fund principal	-	-	-	-	-	1,625	1,625
<b>Restricted for:</b>							
Housing and redevelopment	76,334	-	-	-	51,893	44,678	172,905
Debt service	5,349	23,106	33,420	-	-	-	61,875
Transportation and public works	-	-	-	13,507	-	12,952	26,459
Other purposes	566	-	-	-	-	5,073	5,639
<b>Assigned to:</b>							
General government	1,839	-	-	-	-	-	1,839
Public safety	1,957	-	-	-	-	-	1,957
Highways and streets	436	-	-	-	-	-	436
Culture and recreation	459	-	-	-	-	-	459
Continuing projects	10,898	-	-	-	-	-	10,898
Unassigned	36,359	-	-	-	-	-	36,359
Total fund balances	<u>160,843</u>	<u>23,106</u>	<u>33,420</u>	<u>13,507</u>	<u>51,894</u>	<u>64,328</u>	<u>347,098</u>
Total liabilities and fund balances	<u>\$ 212,468</u>	<u>\$ 46,531</u>	<u>\$ 33,454</u>	<u>\$ 48,975</u>	<u>\$ 126,943</u>	<u>\$ 97,290</u>	<u>\$ 565,661</u>

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

**CITY OF RIVERSIDE  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2011  
(amounts expressed in thousands)**

Total fund balances - governmental funds		\$347,098
Amounts reported for governmental activities in the Statement of Net Assets 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		1,211,224
Issuance costs from issuing debt are expenditures at the fund level but are deferred and subject to capitalization and amortization in the Statement of Net Assets.		13,307
Pension contributions were expenditures at the fund level but are deferred as a net pension asset and subject to capitalization and amortization in the Statement of Net Assets.		112,038
Revenues that do not meet the "availability" criteria for revenue recognition and therefore, are deferred in the funds.		57,012
Accrued interest payable for the current portion of interest due on various debt issues has not been reported in the governmental funds.		(9,635)
Long-term liabilities, as listed below, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$ (447,620)	
Certificates of participation payable	(211,345)	
Notes payable	(7,749)	
Capital leases payable	(6,670)	
Commercial loan	(1,100)	
Bond premiums	(6,888)	
Net OPEB obligation	(7,458)	
Compensated absences	(20,689)	
		(709,519)
The City uses derivative instruments to hedge its exposure to changing interest rate: through the use of interest rate swaps. The following related items have been reflected in the Statement of Net Assets.		
Fair value of interest rate swap	\$ (14,822)	
Deferred amount related to the hedgeable portion of the derivative instrumen	9,496	
		(5,326)
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 Assets.		(5,646)
Net assets of governmental activities		<u>\$1,010,553</u>

City of Riverside  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the fiscal year ended June 30, 2011  
(amounts expressed in thousands)

	General Fund	Redevelopment Debt Service	Certificates of Participation Debt Service	Capital Outlay	Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 123,505	\$ 44,650	\$ -	\$ -	\$ -	\$ 11,163	\$ 179,318
Licenses and permits	6,717	-	-	-	-	940	7,657
Intergovernmental	11,104	200	-	30,720	89	18,969	61,082
Charges for services	10,687	-	-	-	-	33	10,720
Fines and forfeitures	5,244	-	-	-	-	3,684	8,928
Special assessments	3,954	-	1,096	315	-	649	6,014
Rental and investment income	2,964	2,213	1,529	450	2,445	572	10,173
Miscellaneous	6,731	372	-	1,911	3,406	4,185	16,605
Total revenues	<u>170,906</u>	<u>47,435</u>	<u>2,625</u>	<u>33,396</u>	<u>5,940</u>	<u>40,195</u>	<u>300,497</u>
<b>Expenditures</b>							
Current:							
General government	9,347	426	24	-	8,983	7,310	26,090
Public safety	138,620	-	-	-	-	2,374	140,994
Highways and streets	14,587	-	-	-	-	-	14,587
Culture and recreation	25,360	-	-	-	18,848	137	44,345
Capital outlay	1,617	-	-	40,780	35,711	27,581	105,689
Debt service:							
Principal	36,844	39,145	4,175	-	-	9,100	89,264
Interest	7,207	14,551	9,863	-	990	-	32,611
Bond issuance costs	174	-	-	-	-	-	174
Total expenditures	<u>233,756</u>	<u>54,122</u>	<u>14,062</u>	<u>40,780</u>	<u>64,532</u>	<u>46,502</u>	<u>453,754</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,850)</u>	<u>(6,687)</u>	<u>(11,437)</u>	<u>(7,384)</u>	<u>(58,592)</u>	<u>(6,307)</u>	<u>(153,257)</u>
<b>Other financing sources (uses):</b>							
Transfers in	121,348	35,369	11,977	-	29,554	16,383	214,631
Transfers out	(9,539)	(28,491)	-	-	(117,905)	(24,345)	(180,280)
Issuance of long term debt	30,775	-	-	-	65,000	9,100	104,875
Capital lease proceeds	2,000	-	-	-	-	-	2,000
Sales of capital assets	(81)	2,000	-	-	(3,657)	109	(1,629)
Total other financing sources and uses	<u>144,503</u>	<u>8,878</u>	<u>11,977</u>	<u>-</u>	<u>(27,008)</u>	<u>1,247</u>	<u>139,597</u>
Net change in fund balances	81,653	2,191	540	(7,384)	(85,600)	(5,060)	(13,660)
Fund balances - beginning	79,190	20,915	32,880	20,891	137,494	69,388	360,758
Fund balances - ending	<u>\$ 160,843</u>	<u>\$ 23,106</u>	<u>\$ 33,420</u>	<u>\$ 13,507</u>	<u>\$ 51,894</u>	<u>\$ 64,328</u>	<u>\$ 347,098</u>

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

**CITY OF RIVERSIDE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2011**  
**(amounts expressed in thousands)**

Net change in fund balances-total governmental funds (\$13,660)

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

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

Capital Asset additions	\$ 81,698	
Depreciation Expense	<u>(36,475)</u>	45,223

Revenues in the statement of activities that do not meet the "availability" criteria for revenue recognition and therefore are not reported as revenue in the funds. 1,547

The amortization of the net pension asset reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (2,679)

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 assets. Also, governmental funds immediately report the effect of issuance costs, 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	89,264	
Other post-employment benefit liabilities	(1,929)	
Compensated absences	(1,033)	
Interest	(525)	
Premiums on the issuance of LTD	(41)	
Proceeds from LTD	(104,875)	
Capital lease proceeds	<u>(2,000)</u>	(21,139)

Internal service funds are used by management to charge the costs of insurance, centralized purchasing and fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (3,338)

Change in net assets of governmental activities \$ 5,954

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

City of Riverside  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
General Fund  
For the year ended June 30, 2011  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget		Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final				Original	Final		
<b>Revenues</b>									
Taxes	\$ 117,754	\$ 117,754	\$ 123,505	\$ 5,751	Public safety:				
Licenses and permits	7,329	7,329	6,717	(612)	Police	80,820	93,061	85,616	7,445
Intergovernmental	2,255	21,755	11,104	(10,651)	Fire	40,409	44,439	42,497	1,942
Charges for services	9,889	9,926	10,687	761	Animal regulation	3,917	4,041	3,933	108
Fines and forfeitures	5,070	5,070	5,244	174	Building and zoning inspection	2,147	2,155	2,085	70
Special assessments	4,090	4,212	3,954	(258)	Street lighting	4,433	4,433	4,489	(56)
Rental and investment income	1,580	1,580	2,964	1,384	Total public safety	131,726	148,129	138,620	9,509
Miscellaneous	7,007	7,007	6,731	(276)	Highways and streets	14,528	17,940	14,587	3,353
Total revenues	154,974	174,633	170,906	(3,727)	Culture and recreation	24,506	30,629	25,360	5,269
<b>Expenditures</b>					Capital Outlay	-	1,617	1,617	-
General government:					Debt service:				
Mayor	1,017	1,017	966	51	Principal	6,349	36,949	36,844	105
Council	1,183	1,183	1,173	10	Interest	7,445	7,445	7,207	238
Manager	13,931	13,931	12,107	1,824	Bond issuance costs	-	103	174	(71)
Attorney	4,108	4,108	4,226	(118)	Total debt service	13,794	44,497	44,225	272
Clerk	1,300	1,300	1,093	207	Total expenditures	187,512	245,770	233,756	12,014
Community Development	4,479	4,479	3,571	908	Deficiency of revenue under expenditures	(32,538)	(71,137)	(62,850)	8,287
Human Resources	3,007	3,007	2,741	266	<b>Other financing sources (uses)</b>				
General Services	8,434	8,434	6,539	1,895	Transfers in	39,695	117,274	121,348	4,074
Information System	14,280	14,280	11,670	2,610	Transfers out	(7,222)	(9,539)	(9,539)	-
Development	7,162	7,162	6,656	506	Issuance of long term debt	-	30,775	30,775	-
Subtotal	58,901	58,901	50,742	8,159	Capital Lease Proceeds	-	2,000	2,000	-
Allocated expenditures	(55,943)	(55,943)	(41,395)	(14,548)	Sale of capital assets	65	65	(81)	(146)
Total general government	2,958	2,958	9,347	(6,389)	Total other financing sources	32,538	140,575	144,503	3,928
				continued	Net change in fund balances	-	69,438	81,653	12,215
					Fund balance, beginning	79,190	79,190	79,190	-
					Fund balance, ending	\$ 79,190	\$ 148,628	\$ 160,843	\$ 12,215

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

City of Riverside  
Statement of Net Assets  
Proprietary Funds  
June 30, 3011  
(amounts expressed in thousands)

Assets	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	
Current assets:						
Cash and investments	\$ 168,905	\$ 56,804	\$ 17,720	\$ 5,157	\$ 248,586	\$ 4,236
Receivables (net allowances for uncollectibles)						
Interest	1,381	435	60	71	1,947	57
Utility billed	13,694	3,125	1,228	619	18,666	-
Utility unbilled	12,986	3,306	1,213	580	18,085	-
Accounts	8,783	2,496	247	369	11,895	92
Intergovernmental	61	458	233	698	1,450	57
Nuclear materials inventory	1,905	-	-	-	1,905	-
Inventory	-	-	1,184	-	1,184	7,435
Prepaid items	12,660	2	-	-	12,662	-
Due from other funds	4,195	-	-	-	4,195	-
Restricted assets:						
Cash and cash equivalents	26,119	7,929	-	2,247	36,295	-
Cash and investments at fiscal agent	270,273	61,287	174,524	15,547	521,631	-
Public benefit programs receivable	697	116	-	-	813	-
Total current assets	521,659	135,958	196,409	25,288	879,314	11,877
Non-current assets:						
Advances to other funds	5,558	-	18,439	-	23,997	11,975
Deferred charges - other	19,864	7,437	4,670	10,051	42,022	1,541
Deferred charges - derivative instruments	10,016	-	-	-	10,016	-
Capital assets:						
Land	7,645	10,861	2,698	13,701	34,905	-
Intangible assets	9,821	6,307	-	-	16,128	-
Buildings	20,712	15,673	189,342	16,015	241,742	1,488
Accumulated depreciation - buildings	(5,090)	(4,008)	(83,813)	(4,252)	(97,163)	(211)
Improvements other than buildings	925,524	472,678	75,897	23,994	1,498,093	-
Accumulated depreciation - improvements other than buildings	(335,124)	(138,163)	(13,352)	(5,557)	(492,196)	-
Machinery and equipment	25,910	13,331	9,224	17,735	66,200	9,605
Accumulated depreciation - machinery and equipment	(12,129)	(8,983)	(5,373)	(10,601)	(37,086)	(8,005)
Construction in progress	44,665	24,568	26,853	11,563	107,649	215
Total non-current assets	717,372	399,701	224,585	72,649	1,414,307	16,608
Total assets	1,239,031	535,659	420,994	97,937	2,293,621	28,485

Continued

City of Riverside  
Statement of Net Assets  
Proprietary Funds  
June 30, 3011  
(amounts expressed in thousands)

Business-type Activities - Enterprise Funds

Liabilities	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Current liabilities:						
Accounts payable	10,902	3,210	3,515	1,516	19,143	926
Accrued payroll	5,129	1,749	1,174	846	8,898	533
Retainage payable	150	106	96	-	352	-
Unearned revenue	-	-	-	1,656	1,656	-
Deposits	3,033	678	-	-	3,711	-
Due to other funds	-	-	-	5	5	4,195
Capital leases - current	388	-	-	7	395	-
Water stock acquisitions - current	-	150	-	-	150	-
Landfill capping - current	-	-	-	200	200	-
Notes payable - current	-	-	-	807	807	-
Claims and judgements - current	-	-	-	-	-	9,900
Current liabilities payable from restricted assets:						
Revenue bonds	20,940	4,545	-	-	25,485	-
Notes payable	1,428	-	692	-	2,120	-
Accrued interest	6,382	1,891	4,520	-	12,793	-
Other payables	2,936	1,228	823	739	5,726	350
Total current liabilities	51,288	13,557	10,820	5,776	81,441	15,904
Non-current liabilities:						
Revenue bonds	594,613	208,315	243,141	-	1,046,069	-
Notes payable	44,141	-	5,878	23,801	73,820	-
Capital leases	1,303	-	-	22	1,325	-
Advances from other funds	12,381	5,327	3,408	3,814	24,930	1,512
Decommissioning liability	67,969	-	-	-	67,969	-
Deferred charges - derivative instruments	-	482	-	-	482	-
Derivative instruments	17,216	5,448	-	-	22,664	-
Claims and judgements	-	-	-	-	-	16,715
Water stock acquisitions	-	797	-	-	797	-
Landfill capping	-	-	-	6,715	6,715	-
Total non-current liabilities	737,623	220,369	252,427	34,352	1,244,771	18,227
Total liabilities	788,911	233,926	263,247	40,128	1,326,212	34,131
<b>Net Assets</b>						
Invested in capital assets, net of related debt	225,055	241,552	134,859	53,508	654,974	3,092
Restricted for debt service	22,237	5,684	20,142	-	48,063	-
Restricted for landfill capping	-	-	-	2,247	2,247	-
Restricted for programs	3,771	2,316	-	-	6,087	-
Unrestricted	199,057	52,181	2,746	2,054	256,038	(8,738)
Total net assets	\$ 450,120	\$ 301,733	\$ 157,747	\$ 57,809	\$ 967,409	\$ (5,646)

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

City of Riverside  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the fiscal year ended June 30, 2011  
(amounts expressed in thousands)

<b>Business-type Activities - Enterprise Funds</b>						
	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Governmental Activities-Internal Service Funds</b>
Operating revenues:						
Charges for services	\$ 313,703	\$ 62,084	\$ 32,769	\$ 26,025	\$ 434,581	\$ 15,792
Operating expenses:						
Personnel services	35,386	11,670	9,133	8,072	64,261	3,705
Contractual services	7,361	2,281	900	5,044	15,586	220
Maintenance and operation	167,925	8,845	8,534	6,666	191,970	2,120
General	14,382	11,865	5,518	4,312	36,077	1,780
Materials and supplies	792	803	3,008	1,340	5,943	210
Claims/Insurance	1,166	628	482	266	2,542	10,736
Depreciation and amortization	27,690	11,386	6,379	3,841	49,296	783
Total operating expenses	<u>254,702</u>	<u>47,478</u>	<u>33,954</u>	<u>29,541</u>	<u>365,675</u>	<u>19,554</u>
Operating income (loss)	<u>59,001</u>	<u>14,606</u>	<u>(1,185)</u>	<u>(3,516)</u>	<u>68,906</u>	<u>(3,762)</u>
Non-operating revenues (expenses):						
Operating grants	-	-	-	2,159	2,159	-
Interest income	10,368	2,635	4,443	102	17,548	497
Other	2,117	910	(623)	1,055	3,459	91
Gain (loss) on retirement of capital assets	400	1,251	(306)	4	1,349	(16)
Capital improvement fees	-	-	575	-	575	-
Interest expense and fiscal charges	(21,220)	(8,912)	(8,322)	(719)	(39,173)	(148)
Total non-operating revenues (expenses)	<u>(8,335)</u>	<u>(4,116)</u>	<u>(4,233)</u>	<u>2,601</u>	<u>(14,083)</u>	<u>424</u>
Income before capital contributions and transfers	50,666	10,490	(5,418)	(915)	54,823	(3,338)
Cash capital contributions	2,925	1,356	-	714	4,995	-
Noncash capital contributions	1,131	626	-	10	1,767	-
Transfers in	5,531	17,114	-	-	22,645	-
Transfers out	(50,184)	(5,847)	-	(992)	(57,023)	-
Change in net assets	10,069	23,739	(5,418)	(1,183)	27,207	(3,338)
Total net assets - beginning	440,051	277,994	163,165	58,992	940,202	(2,308)
Total net assets - ending	<u>\$ 450,120</u>	<u>\$ 301,733</u>	<u>\$ 157,747</u>	<u>\$ 57,809</u>	<u>\$ 967,409</u>	<u>\$ (5,646)</u>

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

City of Riverside  
Proprietary Funds  
Statement of Cash Flows  
For the fiscal year ended June 30, 2011  
(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	\$ 308,733	\$ 60,023	\$ 33,703	\$ 26,202	\$ 428,661	\$ 20,537
Cash paid to employees for services	(33,976)	(11,187)	(8,719)	(7,778)	(61,660)	(3,553)
Cash paid to other suppliers of goods or services	(189,073)	(22,914)	(17,894)	(17,164)	(247,045)	(18,452)
Other receipts	2,117	910	(623)	1,055	3,459	91
Net cash provided (used) by operating activities	87,801	26,832	6,467	2,315	123,415	(1,377)
Cash flows from noncapital financing activities:						
Transfers out	(50,184)	(5,847)	-	(992)	(57,023)	-
Operating grants	-	-	-	1,543	1,543	-
Advances from interfund receivables	-	-	2,421	-	2,421	-
Payments on interfund receivables	(324)	(139)	(89)	(7,269)	(7,821)	(689)
Advances to other funds	(3,545)	-	(306)	-	(3,851)	1,627
Net cash provided (used) by noncapital financing activities	(54,053)	(5,986)	2,026	(6,718)	(64,731)	938
Cash flows from capital and related financing activities:						
Proceeds from the sale of revenue bonds, including premium	140,857	-	-	-	140,857	-
Issuance costs	(1,124)	(402)	-	-	(1,526)	-
Purchase of capital assets	(50,331)	(29,754)	(28,592)	(4,979)	(113,656)	(1,044)
Purchase of nuclear fuel	(1,554)	-	-	-	(1,554)	-
Proceeds (loss) from the sale of capital assets	495	18,379	15	4	18,893	(16)
Proceeds from the long-term obligations	-	-	-	24,608	24,608	-
Principal paid on long-term obligations	(23,086)	(4,660)	(679)	(50)	(28,475)	-
Interest paid on long-term obligations	(24,985)	(9,268)	(10,891)	(712)	(45,856)	(148)
Capital improvement fees	-	-	575	-	575	-
Capital contributions	2,925	3,706	-	714	7,345	-
Net cash provided (used) for capital and related financing activities	43,197	(21,999)	(39,572)	19,585	1,211	(1,208)
Cash flows from investing activities:						
Purchase of investments	273	6,998	-	-	7,271	-
Income from investments	9,900	2,385	4,428	78	16,791	494
Net cash provided by investing activities	10,173	9,383	4,428	78	24,062	494
Net change in cash and cash equivalents	87,118	8,230	(26,651)	15,260	83,957	(1,153)
Cash and cash equivalents, beginning (including \$110,095 for Electric, \$87,736 for Water, \$211,184 for Sewer and \$2,466 for Other Enterprise Funds in restricted accounts.)						
	280,387	117,106	218,895	7,691	624,079	5,389
Cash and cash equivalents, ending (including \$198,600 for Electric, \$68,532 for Water, \$174,524 for Sewer and \$17,794 for Other Enterprise Funds in restricted accounts.)						
	\$ 367,505	\$ 125,336	\$ 192,244	\$ 22,951	\$ 708,036	\$ 4,236

continued

City of Riverside  
Proprietary Funds  
Statement of Cash Flows  
For the fiscal year ended June 30, 2011  
(amounts expressed in thousands)

	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	continued Governmental Activities- Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating Income (loss)	\$ 59,001	\$ 14,606	\$ (1,185)	\$ (3,516)	\$ 68,906	\$ (3,762)
Other receipts	2,117	910	(623)	1,055	3,459	91
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	27,690	11,386	6,379	3,841	49,296	783
Amortization of pension costs	291	125	80	54	550	35
Amortization (burn) of nuclear fuel	1,449	-	-	-	1,449	-
(Increase) decrease in utility billed receivables	639	(192)	(321)	(28)	98	-
(Increase) decrease in utility unbilled receivables	(66)	(231)	(245)	67	(475)	-
(Increase) decrease in accounts receivable	(4,630)	(1,272)	1,432	146	(4,324)	(47)
(Increase) decrease in intergovernmental receivables	(36)	(430)	68	(8)	(406)	(18)
(Increase) decrease in prepaid items	(1,912)	3	1	20	(1,888)	-
(Increase) in nuclear materials inventory	(80)	-	-	-	(80)	-
(Increase) in inventory	-	-	(33)	-	(33)	(1,420)
Increase (decrease) in accounts payable	(2,785)	1,507	509	832	63	123
Increase (decrease) in accrued payroll	348	16	98	41	503	28
Increase (decrease) in retainage payable	67	(48)	71	(1)	89	-
Increase in other payable	1,153	388	236	199	1,976	89
(Decrease) in intergovernmental payables	(7)	-	-	-	(7)	-
Increase in deposits	145	64	-	-	209	-
(Decrease) in due to other funds	-	-	-	(222)	(222)	1,647
Increase in claims and judgments	-	-	-	-	-	1,074
Increase in decommissioning liability	4,417	-	-	-	4,417	-
(Decrease) in landfill capping	-	-	-	(165)	(165)	-
Net cash provided by operating activities	<u>\$ 87,801</u>	<u>\$ 26,832</u>	<u>\$ 6,467</u>	<u>\$ 2,315</u>	<u>\$ 123,415</u>	<u>\$ (1,377)</u>
Schedule of noncash financing and investing activities:						
The Electric Fund issued bonds to refund debt issued in 2008. The \$56,450 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$56,450 of outstanding bond principal.						
The Water Fund issued bonds to refund debt issued in 2008. The \$59,000 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$59,000 of outstanding bond principal.						
Contribution in aid	<u>\$ 1,131</u>	<u>\$ 626</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 1,767</u>	<u>\$ -</u>

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

**City of Riverside**  
**Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Fund - Agency Fund**  
**June 30, 2011**  
**(amounts expressed in thousands)**

	<u>Agency Fund</u>
<b>Assets:</b>	
Cash and investments	\$ 8,655
Cash and investments at fiscal agent	8,962
Interest receivable	58
Property tax receivables	<u>262</u>
Total assets	<u><u>\$ 17,937</u></u>
<b>Liabilities:</b>	
Accounts payable	\$ 28
Held for bond holders	<u>17,909</u>
Total liabilities	<u><u>\$ 17,937</u></u>

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

## 1. Summary of Significant Accounting Policies

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

### A. Reporting Entity

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

#### Blended Component Units

Riverside Redevelopment Agency (Redevelopment Agency) was established in 1967 by the City. The Redevelopment Agency's primary purpose is to eliminate blighted areas in the City by encouraging commercial development. City Council members serve as the Redevelopment Agency's directors and have full accountability for fiscal matters.

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. City Council members serve as the Housing Authority's commissioners and have full accountability for fiscal matters.

Riverside Public Financing Authority (Public Financing Authority) was organized in December 1987 by the City and the Redevelopment Agency. The purpose of the Public Financing Authority is to provide financing for public capital improvements to the City or the Redevelopment Agency. City Council members serve as the Public Financing Authority's directors and have full accountability for fiscal 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. Three members of the City Council serve as the Municipal Improvements Corporation's directors and have full accountability for fiscal matters.

Complete financial statements for each of the individual component units except the Riverside Municipal Improvement Corporation and Riverside Housing Authority (which do not generate financial statements) may 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 (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. Interfund activity has been removed from these statements except for utility charges, as this would distort the presentation of function costs and program revenues. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of 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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting for the proprietary fund financial statements. Agency funds report only assets and

liabilities, 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for revenue associated with neglected property abatement which is eleven (11) months and except for grant revenue, including reimbursements received from Transportation Uniform Mitigation Fees, which is (6) months and sales tax revenue which is seven (7) months, as described below. Grant revenue is recognized if received within six (6) months of year end to enable the matching of revenue with applicable expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In 2004, the State temporarily began to exchange 25% of sales taxes for an equal amount of property taxes to securitize a short-term State bond issue. The State bond issue will remain outstanding for an uncertain number of years, but is currently estimated not to exceed eight (8) years. These in-lieu sales taxes will be paid to the City by the State on a different calendar than sales taxes, which are paid monthly, three months in arrears. The vast majority of the in-lieu amount will be paid during the applicable fiscal year; however, the final payment of the in-lieu sales taxes will not be paid until the January following the end of the applicable fiscal year. The City has budgeted this final payment in the current fiscal year and will continue this practice during this temporary period, effectively extending the availability period to seven (7) months for the in-lieu sales taxes and thus provide consistency in the reporting of sales tax revenue.

Property taxes, special assessments, sales taxes, franchise taxes, licenses, charges for services, amounts due from other governments and interest associated with the current fiscal period are all considered to be susceptible

to accrual. Other revenue items such as fines and permits are considered to be measurable and available only when the government receives cash, and are therefore not susceptible to accrual.

The government reports the following major governmental funds:

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

The Redevelopment Agency's debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term obligation debt of the Redevelopment Agency.

The Certificates of Participation (COPS) debt service fund accounts for the resources accumulated and payments made for principal, interest and trustee fees on certificates of participation.

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 Redevelopment Agency's capital project fund accounts for the acquisition, relocation, demolition and sale of land for those portions of the City designated to be in need of redevelopment activities.

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.

The agency (fiduciary) 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 assets on the Statement of Net Assets includes \$1 million of permanent fund principal which are considered nonexpendable net assets.

Pronouncements regarding accounting and financial reporting issued by the Financial Accounting Standards Board prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The sewer fund also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### D. Cash and Investments

The City values its cash and investments in accordance with the provisions of Government Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools (GASB 31)," which requires governmental entities, including governmental external investment pools, to report certain investments at fair value in the statement of net assets/balance sheet and

recognize the corresponding change in the fair value of investments in the year in which the change occurred. Fair value is determined using published market prices.

Cash accounts of all funds are pooled for investment purposes to enhance safety and liquidity while maximizing interest earnings. Investments are stated at fair value. 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 Enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. Additionally, unspent proceeds received from the City's landfill capping surcharge are also recorded as restricted assets.

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

Land and improvements held for resale are generally acquired under Developer Disposition Agreements in the normal course of Redevelopment Agency activity. The Developer Disposition Agreements provide for transfer of property to developers after certain redevelopment obligations have been fulfilled. Additionally, the General fund has acquired property which is to be held for resale at a later date. This property is carried at cost until an event occurs to indicate a lower net realizable value.

#### G. Inventory

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

#### H. Prepaid Items

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

#### I. Capital Assets and Nuclear Fuel

##### 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 or business-type activities columns in the government-wide financial statements. 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. Donated intangible assets are recorded at estimated fair market value at the date of donation.

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.

#### Nuclear Fuel

The Electric Utility amortizes the cost of nuclear fuel to expense using the "as burned" method. In accordance with the Nuclear Waste Disposal Act of 1982, the Electric Utility is charged one dollar per megawatt-hour of energy generated by the City's share of San Onofre Nuclear Generating Station's Units 2 and 3 to provide for estimated future storage and disposal of spent fuel. The Electric Utility pays this fee to its operating agent, Southern California Edison Company, on a quarterly basis.

#### J. Compensated Absences

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

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

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

#### K. Derivative Instruments

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

The City uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. The City had debt that was layered with "synthetic fixed rate" swaps, which was refunded in 2008 and 2011. At the time of the refunding, hedge accounting ceased to be applied. The balance of the deferral account for each swap was included in the net carrying amount of 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 assets. 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 Utility has determined that all of its contracts including congestion revenue rights fall under the scope of "normal purchases and normal sales" and are exempt from GASB 53.

#### L. Long-Term Obligations

##### Long-Term Debt

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are classified as deferred charges

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 established a trust account to accumulate resources for the decommissioning of the nuclear power plant and restoration of the beachfront at San Onofre. Each year the Electric Utility recognizes an expense in the amount of the contribution to the trust account. The funding will occur over the useful life of the generating plant.

Amounts held in the trust account are classified as restricted assets in the accompanying balance sheet. To date, the Electric Utility has set aside \$63,552 in cash and investments with the trustee as Riverside's estimated share of the decommissioning cost of San Onofre. Based on a cost estimate completed by Southern California Edison and approved by the California Public Utilities Commission, the Electric Utility plans to set aside approximately \$1,600 per year to fund this obligation. The plant site easement at San Onofre terminates May 2024. The plant must be decommissioned and the site restored by the time the easement terminates.

#### M. Claims and Judgments Payable

Claims and judgments payable are recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Such claims, including an estimate for claims incurred but not reported at year end, are recorded as liabilities in the appropriate internal service fund.

#### N. Fund Equity

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

- Nonspendable fund balance is the portion of fund balance that cannot be spent due to form. Examples include inventories, prepaid amounts,

long-term loans, notes receivable, and property held for resale, 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 is subject to self-imposed constraints due to formal action of the City Council. No amounts have been reported within this category of fund balance.
- Assigned fund balance is the portion of fund balance that is constrained by the City's intent to utilize fund balance for a specific purpose. The authority to assign fund balance has been delegated by City Council to the City's chief financial officer.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

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

#### O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

#### P. Interfund Transactions

Interfund transactions are accounted for as revenues and expenditures or expenses. Transactions, which constitute reimbursements, are eliminated in

the reimbursed fund and accounted for as expenditures or expenses in the fund to which the transaction is applicable.

During the year, transactions occur between individual funds for goods provided or services rendered. Related receivables and payables are classified as "due from/to other funds" on the accompanying fund level statements. The noncurrent portion of long-term interfund loans receivable are reported as interfund receivables/payables and, for governmental fund types, are equally offset by a fund balance reserve to indicate that the receivable does not constitute available expendable financial resources. Interfund payables also include accrued interest, which has been offset by deferred revenue.

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

#### Q. Deferred Revenue

Governmental and proprietary funds report unearned revenue on the statement of net assets. 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. Deferred revenues arise in governmental funds when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. The majority of the City's governmental fund unearned revenue for June 30, 2011 relates to unearned revenue on a capital lease. See Note 4.

#### R. Property Tax Calendar

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

Property taxes are calculated on assessed values as of January 1 for the ensuing fiscal year. On July 1 of the fiscal year the levy is placed and a lien is attached to the property. Property taxes are due in two installments. The

first installment is due November 1 and is delinquent on December 10. The second installment is due February 1 and is delinquent on April 10. Property taxes receivable represent current and prior years' uncollected tax levies, adjusted for uncollectable amounts.

#### S. 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.

#### T. Implementation of New GASB Pronouncement

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This new accounting standard enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement established fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

#### 2. Legal Compliance - Budgets

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

During the period December through February of each fiscal year, department heads prepare estimates of required appropriations for the following fiscal year. These estimates are compiled into a proposed operating budget that includes a summary of proposed expenditures and

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2011**

(amounts expressed in thousands)

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

**3. Cash and Investments**

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

Investments	\$ 435,250
Investments at fiscal agent	<u>629,218</u>
	1,064,468
Cash on hand and deposits with financial institutions	369
Non-negotiable certificates of deposit	<u>13,364</u>
	<u>\$1,078,201</u>

The amounts are reflected in the government-wide statement of net assets:

Cash and investments	\$ 410,670
Restricted cash and cash equivalents	36,295
Restricted cash and investments at fiscal agent	<u>613,619</u>
Total per statement of net assets	1,060,584
Fiduciary fund cash and investments	<u>17,617</u>
	<u>\$1,078,201</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</u> <u>Maturity</u>	<u>Max % of</u> <u>Portfolio</u>
Securities of the U.S. Gov't. and its sponsored agencies	5 Years	100%
Repurchase Agreements	1 Year	100%
Reverse Repurchase Agreements	90 Days	20%
Negotiable Certificates of Deposit	5 Years	30%
Bankers Acceptances	180 Days	40%
Commercial Paper of "prime" quality	270 Days	25%
Local Agency Investment Fund (State Pool)	N/A	100%
Mutual Funds	N/A	20%
Medium-Term Corporate Notes	5 Years	30%
Local Agency Bonds	N/A	N/A

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

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

Investments Authorized by Debt Agreements

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

- Securities of the U.S. Government and its sponsored agencies
- Bankers' Acceptances rated in the single highest classification
- Commercial Paper rated in the single highest classification
- Investments in money market funds rated in the single highest classification

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Municipal obligations rated Aaa/AAA or general obligations of states with ratings of at least A2/A or higher by both Moody's and S&P Investment Agreements

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

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Money Market Funds	\$ 30,009	\$ 30,009	\$ -	\$ -	\$ -
Federal Agency Securities	192,084	16,635	71,238	104,211	-
Corp Medium Term Notes	51,954	10,122	15,669	26,163	-
Local Agency Bonds	33,300	-	-	-	33,300
State Investment Pool	123,329	123,329	-	-	-
Negotiable CDs	4,574	-	248	4,326	-
Held by Fiscal Agent					
Money Market Funds	29,570	29,570	-	-	-
State Investment Pool	90,631	90,631	-	-	-
Investment Contracts	414,871	150,493	76,260	173,403	14,715
Commercial Paper	5,261	5,261	-	-	-
Fed Agency Securities	64,582	3,416	15,017	26,817	19,332
Corp Med Term Notes	24,303	1,230	3,154	11,674	8,245
<b>Total</b>	<b>\$1,064,468</b>	<b>\$460,696</b>	<b>\$181,586</b>	<b>\$346,594</b>	<b>\$75,592</b>

The City assumes that callable investments will not be called.

Disclosures Relating to Credit Risk

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

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

Investment Type	Total	Ratings as of Year End			
		AAA	AA	A	Unrated
Money Market Funds	\$ 30,009	\$ 19,498	\$10,511	\$ -	\$ -
Federal Agency Securities	192,084	192,084	-	-	-
Corp Medium Term Notes	51,954	51,954	-	-	-
Local Agency Bonds	33,300	-	-	-	33,300
State Investment Pool	123,329	-	-	-	123,329
Negotiable CDs	4,574	-	-	-	4,574
Held by Fiscal Agent					
Money Market Funds	29,570	13,958	-	-	15,612
State Investment Pool	90,631	-	-	-	90,631
Investment Contracts	414,871	-	-	-	414,871
Commercial Paper	5,261	-	-	5,261	-
Fed Agency Securities	64,582	64,582	-	-	-
Corp Med Term Notes	24,303	-	18,573	5,730	-
<b>Total</b>	<b>\$1,064,468</b>	<b>\$342,076</b>	<b>\$29,084</b>	<b>\$10,991</b>	<b>\$682,317</b>

Concentration on Credit Risk

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

Issuer	Investment Type	Reported Amount
Trinity Funding	Investment Contract	\$249,105
Deutsche Bank Securities Inc.	Investment Contract	\$140,257

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-

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dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy requires that a third party bank trust department hold all securities owned by the City. All trades are settled on a delivery vs. payment basis through the City's safekeeping agent. The City has no deposits with financial institutions; bank balances are swept daily into a money market account.

Investment in State Investment Pool

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

4. Capital Lease Receivable

The Redevelopment Agency has a direct financing lease arrangement with the State of California (the State) for a twelve-story office building. 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 by the Redevelopment Agency on the lease revenue bonds issued for the purchase and renovation of the building. The future minimum lease payments to be received are as follows:

2012	\$ 2,413
2013	2,443
2014	2,473
2015	2,507
2016	2,533
Thereafter	<u>24,227</u>
Total Due	<u>36,596</u>
Less: amount applicable to interest	<u>(13,171)</u>
Total capital lease receivable	<u>\$23,425</u>

5. Capital Assets

Below and on the following page is a summary of changes in the capital assets during the fiscal year ended June 30, 2011.

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 280,446	\$ 10,246	\$ -	\$ 290,692
Construction in progress	<u>45,206</u>	<u>23,124</u>	<u>(44,768)</u>	<u>23,562</u>
Total capital assets not depreciated	<u>325,652</u>	<u>33,370</u>	<u>(44,768)</u>	<u>314,254</u>
Capital assets being depreciated:				
Buildings	165,017	84	-	165,101
Improvements				
other than Buildings	159,501	43,410	-	202,911
Machinery and Equipment	75,442	2,694	(3,633)	74,503
Infrastructure	<u>800,754</u>	<u>48,336</u>	<u>-</u>	<u>849,090</u>
Total capital assets being depreciated	<u>1,200,714</u>	<u>94,524</u>	<u>(3,633)</u>	<u>1,291,605</u>
Less accumulated depreciation for:				
Buildings	(37,596)	(4,186)	-	(41,782)
Improvements				
other than Buildings	(41,168)	(7,142)	-	(48,310)
Machinery and Equipment	(51,015)	(6,983)	3,249	(54,749)
Infrastructure	<u>(227,755)</u>	<u>(18,947)</u>	<u>-</u>	<u>(246,702)</u>
Total accumulated depreciation	<u>(357,534)</u>	<u>(37,258)</u>	<u>3,249</u>	<u>(391,543)</u>
Total capital assets being depreciated, net	<u>843,180</u>	<u>57,266</u>	<u>(384)</u>	<u>900,062</u>
Governmental activities capital assets, net	<u>\$1,168,832</u>	<u>\$90,636</u>	<u>\$(45,152)</u>	<u>\$1,214,316</u>

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Business type activities:	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not depreciated:				
Land	\$ 34,820	\$ 155	\$ (70)	\$ 34,905
Intangibles	6,307	9,821	-	16,128
Construction in progress	<u>169,473</u>	<u>159,221</u>	<u>(221,045)</u>	<u>107,649</u>
Total capital assets not depreciated	210,600	169,197	(221,115)	158,682
Capital assets being depreciated:				
Buildings	236,280	5,462	-	241,742
Improvements other than Buildings	1,293,535	208,155	(3,597)	1,498,093
Machinery and Equipment	<u>66,405</u>	<u>7,431</u>	<u>(7,636)</u>	<u>66,200</u>
Total capital assets being depreciated	<u>1,596,220</u>	<u>221,048</u>	<u>(11,233)</u>	<u>1,806,035</u>
Less accumulated depreciation for:				
Buildings	(91,506)	(5,658)	1	(97,163)
Improvements other than Buildings	(458,296)	(36,967)	3,067	(492,196)
Machinery and Equipment	<u>(36,830)</u>	<u>(6,250)</u>	<u>5,994</u>	<u>(37,086)</u>
Total accumulated depreciation	<u>(586,632)</u>	<u>(48,875)</u>	<u>9,062</u>	<u>(626,445)</u>
Total capital assets being depreciated, net	<u>1,009,588</u>	<u>172,173</u>	<u>(2,171)</u>	<u>1,179,590</u>
Business type activities capital assets, net	<u>\$1,220,188</u>	<u>\$341,370</u>	<u>\$(223,286)</u>	<u>\$1,338,272</u>

Estimated useful lives used to compute depreciation are as follows:

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

Depreciation expense was charged to functions of the government as follows:

Governmental activities:	
General government	\$ 4,548
Public safety	4,361
Highways and streets, including depreciation of general infrastructure assets	20,502
Culture and recreation	<u>7,847</u>
Total depreciation expense – governmental activities	<u>\$37,258</u>

Business type activities:	
Electric	\$27,690
Water	11,386
Sewer	6,379
Refuse	1,373
Special Transportation	561
Airport	620
Public Parking	<u>866</u>
Total depreciation expense – business type activities	<u>\$48,875</u>

**6. Long-Term Obligations**

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

Governmental Activities:

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Redevelopment					
Agency bonds	\$278,867	\$ 65,000	\$ 38,672	\$305,195	\$ 7,240
General Obligation Bonds	17,533	-	688	16,845	725
Pension Obligation Bonds	136,050	30,775	34,730	132,095	35,555
Certificates of Participation	211,212	-	3,966	207,246	4,750
Capital leases	6,303	2,000	1,633	6,670	1,340
Notes Payable	8,191	-	442	7,749	588
Commercial Loan Compensated	1,100	9,100	9,100	1,100	-
Absences	20,101	7,836	6,784	21,153	7,100
Claims liability	25,541	10,576	9,502	26,615	9,900
Net OPEB Obligation	<u>5,790</u>	<u>2,962</u>	<u>944</u>	<u>7,808</u>	<u>-</u>
Total	<u>\$710,688</u>	<u>\$128,249</u>	<u>\$106,461</u>	<u>\$732,476</u>	<u>\$67,198</u>

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Business-type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$968,393	\$242,732	\$ 139,571	\$1,071,554	\$25,485
Loan Payable	-	45,569	-	45,569	1,428
Notes Payable	7,249	25,000	1,071	31,178	1,499
Capital Leases	2,151	-	431	1,720	395
Landfill Capping	7,380	-	465	6,915	200
Arbitrage Liability	27	75	-	102	-
Water Stock Acquisition Rights	949	-	2	947	150
Net OPEB Obligation	4,063	2,352	790	5,625	-
<b>Total</b>	<u>\$990,212</u>	<u>\$315,728</u>	<u>\$ 142,330</u>	<u>\$1,163,610</u>	<u>\$29,157</u>

The following debt has been issued for the purpose of generating capital resources for use in acquiring or constructing municipal facilities or infrastructure projects. The Redevelopment Agency does issue debt for the above purposes as well as for redevelopment related purposes such as housing and blight removal.

Long-Term Obligations at June 30, 2011:

Revenue Bonds:	Principal Outstanding
<u>Electric</u>	
\$47,215 2001 Electric Revenue Bonds; 2.9% to 5.25%, due in annual installments from \$2,855 to \$4,280 through October 1, 2016 (partially advance refunded in 2005 and 2009, with final maturity in 2013).	\$ 7,525
\$75,405 2003 Electric Revenue Bonds; 2.0% to 5.0%, due in annual installments from \$1,035 to \$8,535 through October 1, 2013.	23,665
\$27,500 2004 Electric Revenue Bonds; Series A fixed rate bonds, 4.0% to 5.5%, due in annual installments from \$2,615 to \$3,695 through October 1, 2014.	13,125

\$141,840 2008 Electric Refunding/Revenue Bonds; Series A and C. The bonds were issued at a variable rate; however the City entered into an agreement to convert to a fixed rate of 3.1% for the Series A bonds and 3.2% for the C bonds. For information on the swap agreements see note 9. Bonds are due in annual installments from \$1,325 to \$8,560 through October 1, 2035. 140,965

\$209,740 2008 Electric Revenue Bonds; Series D fixed rate bonds, 3.6% to 5.0%, due in annual installments from \$125 to \$24,960 through October 1, 2038. 209,740

\$34,920 2009 Electric Refunding/Revenue Bonds; Series A fixed rate bonds, 0.35% to 5.0%, due in annual installments from \$450 to \$6,105 through October 1, 2018. The bonds refunded the 1998 series and partially refunded the 2001 series. 27,425

\$140,380 2010 Electric Revenue Bonds; Series A and B fixed rate bonds, 3% to 4.9%, due in annual installments from \$2,300 to \$33,725 through October 1, 2040. 140,380

\$56,450 2011 Electric Revenue Refunding Bonds; Series A. The bonds were issued at a variable rate; however the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see note 9. Bonds are due in annual installments from \$725 to \$5,175 through October 1, 2035. 56,450

Subtotal 619,275  
Add: Unamortized bond premium 10,091  
Less: Unamortized deferred bond refunding costs (13,813)  
\$615,553

Water

\$20,000 2001 Water Revenue Bonds; 2.6% to 5.0%, due in annual installments from \$345 to \$585 through October 1, 2031 (partially advance refunded in 2005 and 2009, with final maturity in 2014). \$ 1,470

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\$58,235 2008 Water Revenue Bonds; Series B fixed rate bonds, 4.0% to 5.0%, due in annual installments from \$1,210 to \$7,505 through October 1, 2038. 58,235

\$31,895 2009 Water Refunding/Revenue Bonds; Series A fixed rate bonds, 0.65% to 5.0%, due in annual installments from \$500 to \$3,835 through October 1, 2020. The bonds refunded the 1998 series and partially refunded the 2001 series. 31,370

\$67,790 2009 Water Revenue Bonds; Series B fixed rate bonds, 3.33% to 4.13%, 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 \$800 to \$3,950 through October 1, 2035. 59,000

Subtotal 217,865  
 Add: Unamortized bond premium 4,797  
 Less: Unamortized deferred bond refunding costs (9,802)  
\$212,860

Sewer

\$240,910 2009 Sewer Revenue Bonds; Series A & B fixed rate bonds, 3.65% to 5.0%, due in annual installments from \$5,555 to \$13,350 through August 1, 2039. \$240,910  
 Add: Unamortized bond premium 2,231  
\$243,141

Total Revenue Bonds \$1,071,554

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
2012	\$ 20,940	\$ 26,531	\$ 47,471	\$ 4,545	\$ 8,840	\$ 13,385
2013	21,905	25,551	47,456	4,695	8,678	13,373
2014	20,685	24,543	45,228	4,870	8,487	13,357
2015	14,480	23,745	38,225	5,015	8,276	13,291
2016	15,415	23,113	38,528	5,260	8,046	13,306
2017-2021	68,380	108,340	176,720	28,175	36,753	64,928
2022-2026	81,705	94,398	176,103	33,990	30,773	64,763
2027-2031	99,720	75,736	175,456	41,110	23,417	64,527
2032-2036	122,650	51,670	174,320	49,955	14,296	64,251
2037-2041	153,395	19,753	173,148	40,250	3,234	43,484
Premium (Discount) Refunding	10,091	-	10,091	4,797	-	4,797
Costs	(13,813)	-	(13,813)	(9,802)	-	(9,802)
Total	<u>\$615,553</u>	<u>\$473,380</u>	<u>\$1,088,933</u>	<u>\$ 212,860</u>	<u>\$150,800</u>	<u>\$363,660</u>

Fiscal Year	Sewer Utility Fund		
	Principal	Interest	Total
2012	\$ -	\$ 10,847	\$ 10,847
2013	6,760	10,712	17,472
2014	7,035	10,436	17,471
2015	7,325	10,149	17,474
2016	7,660	9,811	17,471
2017-2021	39,810	43,746	83,556
2022-2026	31,900	36,416	68,316
2027-2031	40,050	28,260	68,310
2032-2036	50,520	17,796	68,316
2037-2041	49,850	4,802	54,652
Premium	2,221	-	2,221
Total	<u>\$243,131</u>	<u>\$182,975</u>	<u>\$426,106</u>

Redevelopment Agency Bonds:

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

Principal Outstanding

\$ 130

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<p>\$17,025 1999 University Corridor/Sycamore Canyon Merged Project Area, Tax Allocation Bonds, Series A; \$6,205 serial bonds, 3.4% to 4.7% due in annual installments from \$40 to \$570 through August 1, 2014; \$4,810 term bonds at 4.75% due August 1, 2021; and \$6,010 term bonds at 5.0% due August 1, 2027.</p>	12,950	<p>\$40,435 Downtown/Airport Merged Project Area, 2003 Tax Allocation and Refunding Bonds; \$32,720 serial bonds 2.0% to 5.25% due in annual installments from \$1,220 to \$1,955 through August 1, 2023; and \$7,715 term bonds at 5.0% due in annual installments from \$195 to \$2,060 through August 2034.</p>	31,285
<p>\$6,055 1999 University Corridor/Sycamore Canyon Merged Project Area, Subordinate Tax Allocation Bonds, Series B; \$1,900 serial bonds, 4.5% to 5.5% due in annual installments from \$35 to \$190 through September 1, 2013; \$1,135 term bonds at 5.5% due September 1, 2018; and \$3,020 term bonds at 5.625% due September 1, 2027.</p>	4,700	<p>\$24,115 2005 Housing Set-Aside Tax Allocation Bonds; \$17,025 serial bonds 3.0% to 4.625% due in annual installments from \$505 to \$1,165 through August 1, 2025; \$2,425 term bonds at 5.0% due August 1, 2028; and \$4,665 term bonds at 4.85% due August 1, 2034.</p>	20,555
<p>\$20,395 1999 Casa Blanca Project Area, Tax Allocation Bonds, Series A; \$8,925 serial bonds, 3.4% to 4.7% due in annual installments from \$455 to \$780 through August 1, 2014; \$2,565 term bonds at 4.75% due August 1, 2017; \$4,035 term bonds at 4.75% due August 1, 2021; and \$4,870 term bonds at 5.0% due August 1, 2025.</p>	14,395	<p>\$8,340 Downtown/Airport Merged Project Area and Casa Blanca Project Area 2007 Tax Allocation Bonds, Tax Exempt, Series A, serial bonds 4.0% to 4.25% due in annual installments from \$20 to \$590,000 through August 1, 2025; \$4,980 term bonds at 4.5% due August 1, 2029; \$410 term bonds at 4.375% due August 1, 2037.</p>	8,280
<p>\$4,550 Arlington Redevelopment Project, 2004 Tax Allocation Bonds, Series A; \$420 term bonds at 3.8% due August 1, 2014; \$615 term bonds at 4.6% due August 1, 2024; and \$3,515 term bonds at 4.7% due August 1, 2034.</p>	4,310	<p>\$1,465 California Statewide Communities Development Authority 2005 Taxable Revenue Bonds, Series A (CRA/ERAF Loan Program); 3.87% to 5.01% due in annual installments of \$105 to \$180 through August 1, 2015.</p>	675
<p>\$2,975 Arlington Redevelopment Project Area, 2004 Tax Allocation Bonds; Series B: 5.5% due in annual installments from \$85 to \$235 through August 1, 2024.</p>	2,385	<p>\$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 August 1, 2017; \$10,800 term bonds at 5.8% due August 1, 2028.</p>	13,785
<p>\$26,255 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series A; 2.0% to 5.0% due in annual installments from \$545 to \$2,230 through October 1, 2024.</p>	20,710	<p>\$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 August 1, 2025; \$17,955 term bonds at 4.5% due August 1, 2030; \$47,775 term bonds at 5.0% due August 1, 2037.</p>	88,675
<p>\$4,810 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series B; \$310 serial bonds 1.20% to 1.42% through October 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.</p>	3,540	<p>\$43,875 University Corridor/Sycamore Canyon Merged Project Area, Arlington Project Area, Hunter</p>	

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(amounts expressed in thousands)

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 due August 1, 2017; \$28,135 term bonds due August 1, 2032. 39,210

\$5,000 Magnolia Redevelopment Project Area, 2011 Taxable Tax Allocation Bonds Series A; Interest at the rate of 5% per annum paid semi-annually on May 1 and November 1, commencing May 1, 2012. Bonds are due in annual installments from \$80 to \$920 through November 1, 2041. The bonds were purchased by the City and are held in the City's investment pool. 1,000

\$17,700 University Corridor/Sycamore Canyon Merged Project Area, 2011 Taxable Tax Allocation Bonds Series A; Interest at the rate of 5% per annum paid semi-annually on May 1 and November 1, commencing May 1, 2012. Bonds are due in annual installments from \$845 to \$3,480 through November 1, 2037. The bonds were purchased by the City and are held in the City's investment pool. 10,000

\$17,300 Downtown/Airport/Hunter Park/Northside Merged Project Area, 2011 Taxable Tax Allocation Bonds Series A; Interest at the rate of 5% per annum paid semi-annually on May 1 and November 1, commencing May 1, 2012. Bonds are due in annual installments from \$285 to \$1,365 through November 1, 2041. The bonds were purchased by the City and are held in the City's investment pool. 17,300

\$20,000 La Sierra/Arlanza Redevelopment Project Area, 2011 Taxable Tax Allocation Bonds Series A; Interest at the rate of 5% per annum paid semi-annually on May 1 and November 1, commencing May 1, 2012. Bonds are due in annual installments from \$1,870 to \$3,130 through November 1, 2041. The bonds were purchased by the City and are held in the City's investment pool. 5,000  
Subtotal 298,885  
Add: Unamortized bond premium 5,956  
Add: Unamortized deferred bond refunding costs 354  
Total Redevelopment Agency Bonds \$305,195

Remaining debt service will be paid by the Redevelopment Agency Debt Service Funds from future property tax revenues. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 7,240	\$ 15,417	\$ 22,657
2013	7,575	14,415	21,990
2014	7,930	14,073	22,003
2015	8,310	13,712	22,022
2016	8,520	13,330	21,850
2017-2021	52,430	59,516	111,946
2022-2026	65,955	43,997	109,952
2027-2031	56,480	28,092	84,572
2032-2036	51,730	14,875	66,605
2037-2041	27,300	3,468	30,768
2042-2046	5,415	135	5,550
Premium	5,956	-	5,956
Refunding Costs	354	-	354
Total	<u>\$305,195</u>	<u>\$221,030</u>	<u>\$526,225</u>

Principal Outstanding

General Obligation Bonds:

\$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. \$16,640  
Add: Unamortized bond premium 205  
Total General Obligation Bonds \$16,845

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 725	\$ 766	\$ 1,491
2013	780	737	1,517
2014	840	706	1,546
2015	900	671	1,571
2016	965	634	1,599
2017-2021	6,015	2,438	8,453
2022-2025	6,415	724	7,139
Premium	205	-	205
Total	<u>\$16,845</u>	<u>\$6,676</u>	<u>\$23,521</u>

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2011**

(amounts expressed in thousands)

Pension Obligation Bonds:	<u>Principal</u> <u>Outstanding</u>	\$19,945 2006 Galleria at Tyler Public Improvements Certificates of Participation; 4.0% to 5.0%, due in annual installments from \$435 to \$1,270 through September 1, 2036.	19,945
\$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.	\$ 77,055	\$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.	125,400
\$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.	24,265	\$20,660 2010 Recovery Zone Facility Hotel Project Certificates of Participation; 4.0% to 5.5%, due in annual installments from \$415 to \$1,410 through March 1, 2040.	<u>20,660</u>
\$30,775 2011 Taxable Pension Obligation Refunding Bond Anticipation Notes; rate at June 30, 2011 was 1.33%, \$30,775 due June 1, 2012.	<u>30,775</u>		
<b>Total Pension Obligation Bonds</b>	<b><u>\$132,095</u></b>	<b>Subtotal</b>	<b>211,345</b>
		Add: Unamortized bond premium	727
		Less: Unamortized deferred bond refunding costs	<u>(4,826)</u>
		<b>Total Certificates of Participation</b>	<b><u>\$207,246</u></b>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 35,555	\$ 5,901	\$ 41,456
2013	5,475	5,357	10,832
2014	6,230	5,080	11,310
2015	7,050	4,759	11,809
2016	7,930	4,391	12,321
2017-2021	49,410	14,442	63,852
2022-2023	<u>20,445</u>	<u>1,837</u>	<u>22,282</u>
<b>Total</b>	<b><u>\$132,095</u></b>	<b><u>\$41,767</u></b>	<b><u>\$173,862</u></b>

Certificates of Participation:	<u>Principal</u> <u>Outstanding</u>	\$53,185 2003 Riverside Public Financing Authority Certificates of Participation; 2.0% to 5.0%, due in annual installments from \$755 to \$2,830 through September 1, 2033.	\$45,340
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Remaining certificates of participation debt service payments will be made from unrestricted revenues of the Debt Service funds. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,750	\$ 8,326	\$ 13,076
2013	4,920	8,155	13,075
2014	5,085	7,979	13,064
2015	5,680	7,785	13,465
2016	5,990	7,560	13,550
2017-2021	33,490	34,172	67,662
2022-2026	39,675	26,930	66,605
2027-2031	46,730	18,453	65,183
2032-2036	51,335	8,264	59,599
2037-2040	13,690	950	14,640
Premium	727	-	727
Refunding Costs	<u>(4,826)</u>	-	<u>(4,826)</u>
<b>Total</b>	<b><u>\$207,246</u></b>	<b><u>\$128,574</u></b>	<b><u>\$335,820</u></b>

**CITY OF RIVERSIDE**  
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**For the year ended June 30, 2011**

(amounts expressed in thousands)

<p>Loan Payable – Electric Fund:</p> <p>The City entered into the Clearwater Power Plant Purchase and Sale Agreement dated March 3, 2010 with the City of Corona for the acquisition of Clearwater Cogeneration Facility (Clearwater) located in Corona. The total purchase price for Clearwater is \$46,569, and will be funded through a series of semi-annual payments ranging from \$1,158 to \$2,664 through 2013, and \$182 to \$413 in 2014 and 2015. In addition, two payments of \$36,406 and \$7,367 are due in 2013 and 2015, respectively, and will be funded primarily from bond proceeds.</p>	<p style="text-align: center;"><u>Principal</u> <u>Outstanding</u></p> <p style="text-align: right;"><u>\$45,569</u></p>	<p>Remaining notes payable debt service payments will be made from unrestricted revenues of the Redevelopment Agency.</p> <p>Annual debt service requirements to maturity are as follows:</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Fiscal Year</u></th> <th style="text-align: right;"><u>Principal</u></th> <th style="text-align: right;"><u>Interest</u></th> <th style="text-align: right;"><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>2012</td> <td style="text-align: right;">\$ 588</td> <td style="text-align: right;">\$ 544</td> <td style="text-align: right;">\$ 1,132</td> </tr> <tr> <td>2013</td> <td style="text-align: right;">636</td> <td style="text-align: right;">513</td> <td style="text-align: right;">1,149</td> </tr> <tr> <td>2014</td> <td style="text-align: right;">1,011</td> <td style="text-align: right;">503</td> <td style="text-align: right;">1,514</td> </tr> <tr> <td>2015</td> <td style="text-align: right;">743</td> <td style="text-align: right;">440</td> <td style="text-align: right;">1,183</td> </tr> <tr> <td>2016</td> <td style="text-align: right;">782</td> <td style="text-align: right;">346</td> <td style="text-align: right;">1,128</td> </tr> <tr> <td>2017-2021</td> <td style="text-align: right;">1,461</td> <td style="text-align: right;">1,596</td> <td style="text-align: right;">3,057</td> </tr> <tr> <td>2022-2026</td> <td style="text-align: right;">471</td> <td style="text-align: right;">1,238</td> <td style="text-align: right;">1,709</td> </tr> <tr> <td>2027-2031</td> <td style="text-align: right;">777</td> <td style="text-align: right;">933</td> <td style="text-align: right;">1,710</td> </tr> <tr> <td>2032-2036</td> <td style="text-align: right;"><u>1,280</u></td> <td style="text-align: right;"><u>430</u></td> <td style="text-align: right;"><u>1,710</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$ 7,749</u></td> <td style="text-align: right;"><u>\$6,543</u></td> <td style="text-align: right;"><u>\$14,292</u></td> </tr> </tbody> </table>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	2012	\$ 588	\$ 544	\$ 1,132	2013	636	513	1,149	2014	1,011	503	1,514	2015	743	440	1,183	2016	782	346	1,128	2017-2021	1,461	1,596	3,057	2022-2026	471	1,238	1,709	2027-2031	777	933	1,710	2032-2036	<u>1,280</u>	<u>430</u>	<u>1,710</u>	Total	<u>\$ 7,749</u>	<u>\$6,543</u>	<u>\$14,292</u>
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<p>Notes Payable - Redevelopment Agency:</p> <p>These notes payable have been issued to promote development and expansion within the City's redevelopment areas.</p> <p>Pepsi Cola Bottling Company of Los Angeles, 10.5%, payable in net annual installments of \$341, subject to recording of completion.</p> <p>HUD Section 108 loan for University Village, 5.36% to 7.66%, payable in semi-annual installments beginning August 1, 1996 of \$272 to \$425 through August 1, 2015</p> <p>HUD Section 108 loan for Mission Village Project, 6.15% to 6.72%, payable in semi-annual installments beginning August 1, 1999 of \$110 to \$420 through August 1, 2018</p> <p>Note payable to California Housing Finance Agency, interest at 3%, payable in annual installments of \$88 through 2013, for housing projects.</p> <p>Total notes payable – Redevelopment Agency</p>	<p style="text-align: center;"><u>Principal</u> <u>Outstanding</u></p> <p style="text-align: right;">\$2,987</p> <p style="text-align: right;">1,740</p> <p style="text-align: right;">2,695</p> <p style="text-align: right;"><u>327</u></p> <p style="text-align: right;"><u>\$ 7,749</u></p>	<p>Notes payable – Enterprise Funds:</p> <p>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</p> <p>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</p> <p>Public parking fund loan from City National Bank for Fox Entertainment Plaza project, 3.85%, payable in net annual installments of \$1,747, beginning June 16, 2011 through December 16, 2031</p> <p>Total notes payable – Enterprise Funds</p>	<p style="text-align: center;"><u>Principal</u> <u>Outstanding</u></p> <p style="text-align: right;">\$3,038</p> <p style="text-align: right;">3,532</p> <p style="text-align: right;"><u>24,608</u></p> <p style="text-align: right;"><u>\$31,178</u></p>																																											

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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(amounts expressed in thousands)

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:

Fiscal Year	Sewer Fund		Total
	Principal	Interest	
2012	\$ 692	\$ 125	\$ 817
2013	705	112	817
2014	718	99	817
2015	731	86	817
2016	745	72	817
2017-2021	<u>2,979</u>	<u>150</u>	<u>3,129</u>
Total	<u>\$6,570</u>	<u>\$644</u>	<u>\$7,214</u>

Fiscal Year	Public Parking Fund		Total
	Principal	Interest	
2012	\$ 807	\$ 940	\$ 1,747
2013	838	909	1,747
2014	871	876	1,747
2015	905	842	1,747
2016	940	807	1,747
2017-2021	5,277	3,457	8,734
2022-2026	6,386	2,348	8,734
2027-2031	7,727	1,007	8,734
2032	<u>857</u>	<u>17</u>	<u>874</u>
Total	<u>\$24,608</u>	<u>\$11,203</u>	<u>\$35,811</u>

Contracts – Enterprise Funds:

Water stock acquisition rights payable on demand to various water companies \$947

Commercial Loan:

The City has a \$20,000 commercial loan with City National Bank, which is being used to purchase, rehabilitate and resell foreclosed homes. As of June 30, 2011, the City had borrowed \$1,100 and had \$18,900 available for future borrowing. The interest rate is based on “prime” less 75 basis points, which was 2.5% as of June 30, 2011. Interest is paid monthly. Principal is due in full on July 1, 2012.

Current Year Refundings:

On April 28, 2011, \$56,450 of Electric Refunding/Revenue Series A Bonds were sold with an all-in true interest cost of 3.89% to refund \$56,450 of previously outstanding 2008 Electric Refunding/Revenue Series B Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$193. The difference is being charged to operations using the proportional method.

On May 26, 2011, \$59,000 of Water Refunding/Revenue Series A Bonds were sold with an all-in true interest cost of 3.33% to refund \$59,000 of previously outstanding 2008 Water Refunding/Revenue Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$434. The difference is being charged to operations using the proportional method.

Capital Leases:

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

Asset	Governmental Activities	Business-Type Activities
Buildings and improvements	\$1,103	\$ -
Equipment	<u>5,595</u>	<u>2,763</u>
Subtotal	6,698	2,763
Less: Accumulated depreciation	<u>(1,789)</u>	<u>(579)</u>
Total	<u>\$4,909</u>	<u>\$2,184</u>

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

The future minimum lease obligations as of June 30, 2011 were as follows:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2012	\$1,568	\$ 442
2013	1,425	442
2014	1,190	442
2015	1,098	428
2016	1,099	65
Thereafter	744	-
Copiers	<u>319</u>	<u>29</u>
Total Minimum lease payments	7,443	1,848
Less: Amount representing interest (rates ranging from 2.5% to 9%)	<u>(773)</u>	<u>(128)</u>
Total capital lease payable	<u>\$6,670</u>	<u>\$1,720</u>

The following are legally required debt service cash reserves. These amounts, at a minimum, are held by the City or fiscal agents at June 30, 2011:

General long-term obligations:

Redevelopment Agency	\$ 7,034
Certificates of Participation	<u>13,765</u>
Total	<u>\$20,799</u>

Enterprise funds:

Electric	\$22,237
Water	5,684
Sewer	<u>20,142</u>
Total	<u>\$48,063</u>

The City and its component units have 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 on the following page. The debt service coverage ratios also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

<u>Description of Pledged Revenue</u>	<u>Annual Amount of Pledged Revenue (net of expenses, where required)</u>	<u>Annual Debt Service Payments (of all debt secured by this revenue)</u>	<u>Debt Service Coverage Ratio for FYE 6/30/11</u>
Tax increment:			
Non-Housing	\$39,165	\$15,372	2.55
Housing	6,997	2,771	2.53
Electric revenues	106,299	48,116	2.21
Water revenues	49,108	14,063	3.49
Sewer revenues	10,197	817	12.48

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.

**Defeasance of Debt:**

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt issues. Accordingly, the trust account assets and liability for the defeased debt issues are not included in the City's financial statements.

At June 30, 2011, the following amounts are considered defeased:

2001 Electric Revenue Bonds	\$17,600
2001 Water Revenue Bonds	14,995
1993 Sewer Revenue Bonds	9,265

**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, 2011 was 100%.

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. There is the potential for these estimates to change due to inflation, deflation, technology, or change in laws or regulations. To fund the cost, the City imposed a landfill capping surcharge on customers effective August 1, 1988. The minimum unamortized estimated cost is recorded as a deferred charge in the accompanying financial statements of the Refuse fund and is being amortized on a straight-line basis over the remaining post closure period, currently 22 years.

**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 \$50. Earthquake and flood insurance coverage has a limit of \$25,000, with a deductible of 5% for earthquake and \$100 for flood. Workers' compensation insurance coverage has a limit of \$25,000, with a self-insured retention of \$3,000 per occurrence. The City carries commercial insurance in the amount of \$20,000 for general and auto liability claims greater than \$3,000. There were no claims settled in the last three fiscal years that exceed insurance coverage. Internal service funds have been established to account for and finance the uninsured risks of loss.

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

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

Unpaid Claims, June 30, 2009	\$24,958
Incurred claims (including IBNR's)	11,047
Claim payments and adjustments	<u>(10,464)</u>
Unpaid Claims, June 30, 2010	25,541
Incurred claims (including IBNR's)	10,576
Claim payments and adjustments	<u>(9,502)</u>
Unpaid Claims, June 30, 2011	<u>\$26,615</u>

**8. Other Long-Term Obligations**

**Assessment Districts Bonds (Not obligations of the City)**

As of June 30, 2011, the City has several series of Assessment District Bonds outstanding in the amount of \$53,667. Bonds issued for improvements in certain special assessment districts, in accordance with the provisions of the Municipal Improvements Acts, are liabilities of the property owners and are secured by liens against the assessed property. The City Treasurer acts as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if applicable. Since the debt does not constitute an obligation of the City, it is not reflected as a long-term obligation of the City and is not reflected in the accompanying basic financial statements.

**Conduit Debt Obligations**

Mortgage Revenue Bonds outstanding of \$8,610 and Industrial Development Revenue Bonds of \$11,275 are not included in the accompanying financial statements. These bonds are special obligations of third parties and payable solely from and secured by a pledge of the receipts received from the acquired mortgage loans and certain other reserve funds and related monies. The bonds are not payable from any other revenues or assets of the City or Redevelopment Agency. Neither the faith and credit nor the taxing power of the City, the Redevelopment Agency, the State of California or any political subdivision thereof is pledged to the payment of the principal and interest on the bonds.

**9. Derivative Instruments**

**Interest Rate Swaps**

The City has five 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. At the time of the refunding, hedge accounting ceased to be applied. The balance of the deferral account for each swap is included in the net carrying amount of 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.

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2011**

(amounts expressed in thousands)

Below is a summary of the derivative activity for the year ended June 30, 2011:

As of June 30, 2011 rates were as follows:

	<u>Notional Amount</u>	<u>Fair Value as of 6/30/11</u>	<u>Change in Fair Value for Fiscal Year</u>
<b>Governmental Activities</b>			
2008 Renaissance Certificates of Participation	128,300	(14,822)	3,831
<b>Business-Type Activities</b>			
2008 Electric Refunding/Revenue Bonds Series A	84,515	(7,028)	1,719
2008 Electric Refunding/Revenue Bonds Series C	57,325	(5,108)	1,569
2011 Electric Refunding/Revenue Bonds Series A	56,450	(5,080)	1,569
2011 Water Refunding/Revenue Bonds Series A	59,000	(5,448)	1,682

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 and \$59,000 2011 Water Revenue Bonds. Also, in 2008, the City entered into an additional interest rate swap agreement in connection with its \$128,300 2008 Certificates of Participation.

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 again pays a fixed payment and receives a variable payment computed as 63.00% of the LIBOR one month index plus 7 basis points. The swaps have notional amounts equal to the principal amounts stated above. The notional value of the swaps and the principal amounts of the associated debt decline by \$975 to \$7,200 until the debt is completely retired in fiscal year 2037.

The bonds and the related swap agreements for the 2008A Electric Revenue Bonds mature on October 1, 2029, 2008C Electric and 2011A Electric and 2011A Water Revenue/Refunding Bonds mature on October 1, 2035. The 2008 Certificates of Participation mature on March 1, 2037.

	<u>Terms</u>	<u>Rates</u>	<u>2011 Water Refunding/ Revenue Bonds Series A</u>	<u>2011 Electric Refunding/ Revenue Bonds Series A</u>
Interest rate swap:				
Fixed payment to counterparty	Fixed 62.68 LIBOR	3.20000%	3.20000%	3.20100%
Variable payment from counterparty	+ 12 bps	<u>(0.24207%)</u>	<u>(0.24534%)</u>	<u>(0.24534%)</u>
Net interest rate swap payments		2.95793%	2.95566%	2.95566%
Variable-rate bond coupon payments		<u>0.22550%</u>	<u>0.14349%</u>	<u>0.14349%</u>
Synthetic interest rate on bonds		<u>3.18343%</u>	<u>3.09915%</u>	<u>3.09915%</u>
			<u>2008 Electric Refunding/ Revenue Bonds Series C</u>	<u>2008 Electric Refunding/ Revenue Bonds Series A</u>
Interest rate swap:				
Fixed payment to counterparty	Fixed 62.68 LIBOR	3.20400%	3.20400%	3.11100%
Variable payment from counterparty	+ 12 bps	<u>(0.59206%)</u>	<u>(0.58955%)</u>	<u>(0.58955%)</u>
Net interest rate swap payments		2.61194%	2.52145%	2.52145%
Variable-rate bond coupon payments		<u>0.58498%</u>	<u>0.58891%</u>	<u>0.58891%</u>
Synthetic interest rate on bonds		<u>3.19692%</u>	<u>3.11036%</u>	<u>3.11036%</u>
			<u>COP 2008 Bonds</u>	
Interest rate swap:				
Fixed payment to counterparty	Fixed 63.00 LIBOR	3.36200%	3.36200%	
Variable payment from counterparty	+ 7 bps	<u>(0.57662%)</u>	<u>(0.57662%)</u>	
Net interest rate swap payments		2.78538%	2.78538%	
Variable-rate bond coupon payments		<u>0.62476%</u>	<u>0.62476%</u>	
Synthetic interest rate on bonds		<u>3.41014%</u>	<u>3.41014%</u>	

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Fair Value: As of June 30, 2011, in connection with all swap arrangements, the transactions had a total negative fair value of <\$37,486>. 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: As of June 30, 2011, the City was not exposed to credit risk because the swap had a negative fair value. The swap counterparties, Bank of America, J.P. Morgan Chase & Co. and Merrill Lynch were rated A+, A+ and A respectively by Standard & Poor's. To mitigate the potential for credit risk, 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, 2011, there is no requirement for collateral posting for any of the outstanding swaps.

Basis risk: As noted above, the swaps expose the City to basis risk should the relationship between LIBOR and the variable interest rate, changing the synthetic rate on the bonds. 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, 2011, the debt service requirements of the variable-rate debt and net swap payments assuming current interest rates remain the same, for their term are summarized in the following table. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2012	\$ 6,450	\$ 1,825	\$ 10,511	\$ 18,786
2013	6,675	2,688	17,165	26,528
2014	6,900	2,656	16,978	26,534
2015	8,975	2,623	16,784	28,382
2016	16,700	2,581	16,535	35,816
2017-2021	68,850	12,520	80,400	161,770
2022-2026	76,300	10,820	71,045	158,165
2027-2031	85,415	8,497	58,921	152,833
2032-2036	98,350	5,585	43,860	147,795
2037	<u>7,200</u>	<u>45</u>	<u>201</u>	<u>7,446</u>
Total	\$381,815	\$49,840	\$332,400	\$764,055

10. Economic Contingency

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

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, 2011:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 1,851
	Capital Outlay Fund	30,124
	Nonmajor Enterprise Funds	<u>5</u>
		31,980
Electric	Central Stores *	<u>4,195</u>
Total		<u>\$36,175</u>

\* Internal service fund

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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, 2011:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Electric	\$12,381
	Redevelopment Capital Projects	704
	Water	5,327
	Sewer	3,408
	Nonmajor Governmental Funds	578
	Nonmajor Enterprise Funds	2,290
	Self-Insurance Trust *	223
	Central Stores *	234
	Central Garage *	<u>1,055</u>
		<u>26,200</u>
COPS Debt Service Fund	Redevelopment Capital Projects	7,410
Nonmajor Governmental	Redevelopment Capital Projects	20,571
Self-Insurance Trust *	Nonmajor Enterprise Funds	1,524
	General	435
	Nonmajor Governmental Funds	3,538
	Redevelopment Capital Projects	<u>6,478</u>
		11,975
Sewer	Redevelopment Capital Projects	18,439
Electric	Redevelopment Capital Projects	<u>5,558</u>
Total		<u>\$90,153</u>

Transfers In/Out: Transfers are used to (1) move revenues to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) record the difference between the sales price and original carrying value of capital assets transferred between funds, (4) transfer properties to the General Fund to be held as security for advances owed by the Redevelopment Capital Project Fund, (5) use unrestricted revenues collected in the General fund to finance various programs accounted for in the other funds in accordance with budgetary operations.

The following table shows amounts transferred to/from funds within the City as of June 30, 2011:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General	Electric	\$33,070
	Water	5,847
	Redevelopment Capital Project	78,896
	Nonmajor Governmental Funds	<u>3,535</u>
		<u>121,348</u>
Redevelopment Debt Service	Redevelopment Capital Project	32,041
	Nonmajor Governmental Funds	3,176
	Nonmajor Enterprise Funds	<u>152</u>
		<u>35,369</u>
COPS Debt Service Fund	General Fund	7,222
	Redevelopment Capital Project	210
	Redevelopment Debt Service	245
	Nonmajor Governmental Funds	3,460
	Nonmajor Enterprise Funds	<u>840</u>
		<u>11,977</u>
Redevelopment Capital Projects	General Fund	108
	Redevelopment Debt Service	28,246
	Nonmajor Governmental Funds	<u>1,200</u>
		<u>29,554</u>
Nonmajor Governmental Funds	General Fund	2,209
	Redevelopment Capital Project	1,200
	Nonmajor Governmental Funds	<u>12,974</u>
		<u>16,383</u>

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Electric	Redevelopment Capital Project <sup>1</sup>	<u>5,531</u>
Water	Electric	<u>17,114</u>
Total		<u>\$237,276</u>

<sup>1</sup> The Electric Fund transferred capital assets with an original carrying value of \$27 to the Redevelopment Capital Projects Fund for \$5,558. The difference in interfund transfers at the fund level is due to the difference in measurement focus and basis of accounting between governmental funds and proprietary funds.

12. Deficit Fund Balances/Net Assets

Deficit net assets exist in the Self-Insurance Internal Service Trust Fund (\$13,554). The deficit in this fund will be primarily reduced based on a rate increase implemented in the subsequent fiscal year. Management's analysis shows that continuing cost control together with the rate increase will eliminate these deficits over the next few years.

13. Litigation

The City continues to participate in key FERC dockets impacting the City's Electric Utility, such as the California Independent System Operator's (ISO) Market Redesign and Technology Upgrade (MRTU).

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

The Water Utility is also a plaintiff in a lawsuit against the manufacturers and distributors of methyl tertiary-butyl ether (MTBE) and its by-products, and of fuel containing these chemicals, arising out of the threat to the Water Utility wells of contamination with those chemicals from leaking underground storage tanks.

The defendants removed this lawsuit to federal court and then transferred the case to the Judicial Panel on Multidistrict Litigation, New York, where it was consolidated with all other pending MTBE water contamination litigation cases in the country. Although the City has tentatively settled with a number

of the defendants, the settlement has not been approved by the court and no trial date for the remainder of the case.

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. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of CalPERS annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

(B) Funding Policy. For each of the fiscal years shown on the following page, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

(C) Annual Pension Cost. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25% per year compounded annually, attributable to inflation, and (c) 3.0% expected long term inflation. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments (smoothed market value). All changes in the unfunded actuarial accrued liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately as a level percentage of pay over a closed 20-year period. All gains or losses are tracked and amortized over a rolling 30-year period with the exception of special gains and losses in fiscal years 2008-2009, 2009-2010 and 2010-2011. Each of these years' gains or losses has been isolated and amortized over fixed and declining 30 year periods (as opposed to the current rolling 30 year amortization).

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Three-year trend information for CalPERS:

Fiscal Year	Plan	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation (Asset)
2009	Misc	\$14,735	94.7%	(57,548)
2009	Safety	12,543	91.0%	(85,909)
2010	Misc	16,463	93.8%	(56,529)
2010	Safety	13,949	89.0%	(84,369)
2011	Misc	16,888	92.4%	(55,253)
2011	Safety	14,956	86.7%	(82,379)

A total of \$137,632 of net pension assets is included as a deferred charge in the Government-wide Statement of Net Assets. The deferred charge relating to the net pension assets is amortized in accordance with the method used by CalPERS for calculating actuarial gains and losses over a 19-year period.

Determination of Net Pension Asset as of June 30, 2011:

	Misc	Safety
Annual required contribution	\$ 15,612	12,966
Interest on net pension asset	(4,381)	(6,539)
Adjustment to annual required contribution	<u>5,657</u>	<u>8,529</u>
Annual pension cost	16,888	14,956
Less contributions made	<u>(15,612)</u>	<u>(12,966)</u>
Decrease in net pension asset	1,276	1,990
Net pension asset, beginning of year	<u>(56,529)</u>	<u>(84,369)</u>
Net pension asset, end of year	<u>\$(55,253)</u>	<u>(82,379)</u>

Schedule of funding for CalPERS:

Plan	Actuarial Valuation Date	Entry Age Normal Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded/(Overfunded) Actuarial Accrued Liability (UAAL)	% Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
Misc.	6/30/08	\$828,351	\$779,481	\$ 48,870	94.1	\$110,870	44.1
Misc.	6/30/09	921,349	810,929	110,420	88.0	110,318	100.1
Misc.	6/30/10*	952,499	846,368	106,131	88.9	106,590	99.6
Safety	6/30/08	608,192	570,661	37,531	93.8	63,966	58.7
Safety	6/30/09	660,742	595,018	65,724	90.1	63,924	102.8
Safety	6/30/10*	685,213	621,107	64,106	90.6	61,778	103.8

\* Information presented is for the most recent valuation date available.

15. Other Post-Employment Benefits

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

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

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

The City's annual OPEB cost (expense) is reported based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) (UAAL) over a period not to exceed thirty years. The ARC for the year ended June 30, 2011 was \$5,617, which consisted of normal cost of \$2,852 and UAAL amortization of \$2,765. The ARC as a percentage of payroll was 3% for the year ended June 30, 2011.

As of June 30, 2009, the most recent actuarial valuation date, the OPEB plan was 0.0% funded. The actuarial accrued liability for benefits was \$54.9 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$54.9 million.

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Determination of the Net OPEB Obligation as of June 30, 2011:

Annual required contribution	\$ 5,617
Interest on net OPEB obligation	443
Amortization of net OPEB obligation	<u>(746)</u>
Annual benefit pension cost	5,314
Less contributions made	<u>(1,734)</u>
Increase in net OPEB obligation	3,580
Net OPEB liability, beginning of year	<u>9,853</u>
Net OPEB liability, end of year	<u>\$13,433</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The method used by the actuary was the entry age normal cost method. The actuarial assumptions included (a) discount rate of 4.50%, (b) 3% inflation, (c) projected salary increases of 3.25% annually and (d) healthcare cost trend rates ranging from 4.5% to 9.4%.

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

*Three-year trend information:*

Fiscal Year <u>June 30,</u>	<u>ARC</u>	<u>Actual Contributions</u>	<u>% of ARC Contributed</u>
2009	\$4,386	\$1,290	29%
2010	5,291	1,440	27%
2011	5,617	1,734	31%

Fiscal Year <u>June 30,</u>	<u>Annual OPEB Cost</u>	<u>% of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$4,386	29%	6,192
2010	5,101	28%	9,853
2011	5,314	33%	13,433

16. Commitments and Contingencies

A. Long-Term Electric Utility Commitments

Intermountain Power Agency

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

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

Southern California Public Power Authority

On November 1, 1980, the City of Riverside joined with the Imperial Irrigation District and the cities of Los Angeles, Anaheim, Vernon, Azusa, Banning, Colton, Burbank, Glendale and Pasadena to create the Southern California Public Power Authority (SCPPA) by a Joint Powers Agreement under the laws of the State of California. As of July 2001, the City of Cerritos was admitted as a member. The primary purpose of SCPPA is to plan, finance, develop, acquire, construct, operate and maintain projects for the generation and transmission of electric energy for sale to its participants. SCPPA is governed by a Board of Directors, which consists of one representative for each of the members. During the 2010-11 and 2009-10 fiscal years, the Electric Utility paid approximately \$18,725 and \$15,151, respectively, to SCPPA under various take-or-pay contracts. These payments are reflected as a component of production and purchased power or transmission expense in the financial statements.

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

<u>Project</u>	<u>Percent Share</u>	<u>Entitlement</u>
Palo Verde Nuclear Generating Station (PV)	5.40%	12.3MW
Southern Transmission System (STS)	10.20%	244.0MW
Hoover Dam Upgrading (Hoover)	31.90%	30.0MW
Mead – Phoenix Transmission (MPP)	4.00%	18.0MW
Mead – Adelanto Transmission (MAT)	13.50%	118.0MW

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Terms of Take or Pay Commitments

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

Interest rates on the outstanding debt associated with the take-or-pay obligations range from variable rates from 0.03 percent to 3.00 percent and fixed rates from 1.0 percent to 6.38 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.

Fiscal Year	SCPPA						Total
	IPA	PV	STS	Hoover	MPP	MAT	
2011	\$ 22,118	\$ 666	\$ 4,680	\$ 706	\$ 318	\$ 3,090	\$ 31,578
2012	20,017	669	9,478	704	318	3,087	34,273
2013	22,712	672	8,544	705	318	3,092	36,043
2014	21,154	676	8,565	703	266	3,064	34,428
2015	23,942	680	8,595	702	273	3,061	37,253
Thereafter	<u>118,538</u>	<u>1,369</u>	<u>81,235</u>	<u>1,399</u>	<u>1,287</u>	<u>14,528</u>	<u>218,356</u>
Total	<u>\$228,481</u>	<u>\$ 4,732</u>	<u>\$121,097</u>	<u>\$ 4,919</u>	<u>\$ 2,780</u>	<u>\$29,922</u>	<u>\$391,931</u>

Take-or-pay commitments expire upon final maturity of outstanding bonds for each project. Final fiscal year maturities are as follows:

Project	Final Maturity Date
Intermountain Power Project	2024
Palo Verde Nuclear Generating System	2017
Southern Transmission System	2027
Hoover Dam Upgrading	2017
Mead-Phoenix Transmission	2020
Mead-Adelanto Transmission	2020

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

payment schedule as debt service and vary each year. The costs incurred for the year ended June 30, 2011 and 2010, are as follows (in thousands):

Fiscal Year	IPA	PV	STS	MAT	MPP	Hoover	Total
2011	\$29,530	\$2,792	\$2,460	\$ 298	\$ 43	\$ 100	\$35,223
2010	\$27,458	\$2,991	\$1,779	\$ 265	\$ 40	\$ 68	\$32,601

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

**B. Other Commitments**

**Power Purchase Agreements:**

The Electric Utility executed two firm power purchase agreements with Bonneville Power Administration (BPA). The first agreement with BPA was for the purchase of firm capacity (23 megawatts in the summer months and 16 megawatts in the winter months) beginning February 1, 1991, for a period of 20 years. This agreement terminated on March 3, 2011. The second BPA agreement is for the purchase of capacity (50 megawatts during the summer months and 13 megawatts during the winter months) beginning April 30, 1996, for 20 years. Effective May 1, 1998, these summer and winter capacity amounts increased to 60 megawatts and 15 megawatts, respectively, for the remainder of the second agreement.

The Electric Utility had an agreement with Deseret for five megawatts of capacity and associated energy from January 1, 1992, through December 31, 1994, then increasing to 52 megawatts of capacity and associated energy through December 31, 2009. A notice of termination of the power purchase agreement was provided to Deseret effective March 31, 1998, resulting in litigation which was settled on July 31, 1999. Under the terms of the settlement agreement, the notice of termination was rescinded and the power purchase agreement was amended to reflect substantial price reductions after fiscal year 2002 through the term of the agreement in 2009. In exchange, Riverside Public Utilities paid Deseret \$25,000 from Electric fund reserves, which is reflected on the balance sheets as deferred purchased power. On July 1, 2002, the Electric Utility began to amortize the \$25,000, and will continue to amortize the remaining balance over the term of the agreement using the straight-line method.

On June 6, 2003 and July 8, 2003, the Public Utilities Board and the City Council respectively, adopted a RPS to increase procurement of renewable resources to reach a target of 20% of the Utility's energy by 2015. On March

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16, 2007, the Public Utilities Board approved a new RPS, increasing the targets to 20% and 25% by 2010 and 2015, respectively. On May 4, 2007, the Public Utilities added an additional target of 33% by 2020.

The contracts in the following table were executed as part of compliance with this standard. The Utility also has an agreement with Bonneville Power Administration for the purchase of energy credits that add to the total renewable portfolio.

Long-term renewable power purchase agreements:

<u>Supplier</u>	<u>Type</u>	<u>Maximum Contract</u>	<u>Contract Expiration</u>	<u>Estimated Annual Cost for 2011</u>
Wintec	Wind	8.0MW	11/10/2021	\$ 198
Salton Sea Power	Geothermal	46.0MW	5/31/2020	21,139
Total		<u>54.0MW</u>		<u>\$21,337</u>

All contracts are contingent on energy production from specific related generating facilities. Riverside has no commitment to pay any amounts except for energy produced on a monthly basis from these facilities.

On August 23, 2005, the City Council approved an amendment to the Power Purchase Agreement between Salton Sea and the City. The agreement increases the amount of renewable energy available to the City from the current 20 MW to 46 MW effective June 1, 2009 through May 31, 2020, at the same price under the current contract until 2013, with escalation thereafter based on an inflationary type index. Similar to other renewable power purchase agreements, the City is only obligated for purchases of energy delivered to the City.

On November 10, 2006, the City of Riverside entered into a second Renewable Power Purchase Agreement with Wintec Energy, Ltd for wind generation capacity of up to 8 MW. The contract term is for 15 years, with additional capacity available upon completion of Wintec's Facility II Wind Turbine Project. The developer is encountering challenges in finding suitable wind turbines to complete the project and the project is expected to continue to be delayed.

On June 19, 2008, and December 12, 2008, respectively the City of Riverside entered into two separate Renewable Power Purchase Agreements with Shoshone Renaissance, LLC (Renaissance). The contract term for each agreement is 30 years, and provides a combined 96 megawatts of geothermal energy. Like the majority of renewable projects, Renaissance continues to experience difficulty securing financing due to the

meltdown in the financial markets. In November 2010, the City entered into the Amended and Restated PPA I and terminated PPA II. The Amended and Restated PPA I reduced the geothermal power deliveries from 64 MW to 46 MW with the new commercial operation date extended to April 1, 2014. Measurable milestone dates and enforceable agreement termination "off-ramps" for the City were built into this agreement to allow the City the unilateral ability to terminate the Amended and Restated PPA I. On February 15, 2011 Shoshone Renaissance failed the first milestone as established in the Amended and Restated PPA I. The City notified Shoshone Renaissance in March 2011 of the City's intent to terminate the Amended and Restated PPA I by April 1, 2011 and provided an opportunity to Shoshone Renaissance to cure its failure to reach the first milestone. However, Shoshone Renaissance failed to provide evidence to cure its default by April 1, 2011. Thus, the City provided the final termination notice to Shoshone Renaissance and the Amended and Restated PPA I was terminated on April 1, 2011.

Construction Commitments:

As of June 30, 2011, the Electric Utility had major commitments of approximately \$19,290, with respect to unfinished capital projects, of which \$17,248 is expected to be funded by bonds and \$2,042 funded by rates.

As of June 30, 2011, the Water Utility had major commitments of approximately \$15,709 with respect to unfinished capital projects which is expected to be funded by bonds.

C. Jointly-Owned Utility Project

Pursuant to a settlement agreement with SCE, dated August 4, 1972, the City was granted the right to acquire a 1.79 percent ownership interest in San Onofre Nuclear Generating Station (SONGS), Units 2 and 3, equating to 19.2 MW and 19.3 MW respectively, of the available capacity. In the settlement agreement, SCE agreed to provide the necessary transmission service to deliver the output of SONGS to Riverside. SCE and the City entered into the SONGS Participation Agreement that sets forth the terms and conditions under which the City, through the Electric Utility, participates in the ownership and output of SONGS. Other participants in this project include SCE, 75.05 percent; San Diego Gas & Electric Company, 20.00 percent; and the City of Anaheim, 3.16 percent. Maintenance and operation of SONGS remain the responsibility of SCE, as operating agent for the City.

During 2006, the FERC, Nuclear Regulatory Commission and the California Public Utility Commission (CPUC) approved the transfer of Anaheim's shares

to SCE, and as a result, SCE's ownership was increased to 78.21 percent in SONGS units 2 and 3.

The original operating license for SONGS units 2 and 3 was set to expire in 2013; however, this was subsequently extended due to a construction recapture provision, and now expires February 16, 2022 and November 15, 2022 for Units 2 and 3 respectively. During fiscal year ended June 30, 2006, the City Council approved participation in SONGS through the extended operations date. It has been reported that SCE is pursuing a license extension from the Nuclear Regulatory Commission ("NRC") to continue operations through 2042, although the City has not approved its participation in the project through the extended term.

SCE, as operating agent, declared an "operating impairment" due to deterioration of the steam generators ("SGs"), which would have likely resulted in permanent shutdown of the plant in 2009-2010 timeframe. The estimated cost to replace the steam generators (SGs) is \$680,000, of which approximately \$12,200 would represent the City's share. Replacement of the SGs is expected to enable plant operations through at least 2022, and perhaps beyond if NRC approval is obtained. The City Council has approved participation in the replacement of the SGs. The SG replacement for SONGS Unit 2 was completed in April 2010 and the SG replacement for Unit 3 was completed in February 2011.

Due to the Fukushima nuclear power plant crisis in Japan early this year, NRC has instituted a comprehensive review of disaster preparedness of all nuclear power plants currently in operation in the U.S. SONGS has participated and is continuing to participate in this comprehensive disaster preparedness assessment effort. The ultimate outcome of this assessment is currently undetermined.

There are no separate financial statements for the jointly-owned utility plant since each participant's interests in the utility plant and operating expenses are included in their respective financial statements. The Electric Utility's 1.79 percent share of the capitalized construction costs for SONGS totaled \$159,907 and \$152,586 for fiscal years ended June 30, 2011 and 2010, respectively.

All acquisitions or construction of capital assets are depreciated through 2022, to include the construction recapture extension period. The accumulated depreciation amounted to \$133,260 and \$126,837 for the fiscal years ended June 30, 2011 and 2010, respectively. The Electric Utility made provisions for future decommissioning costs of \$1,581 for both fiscal years

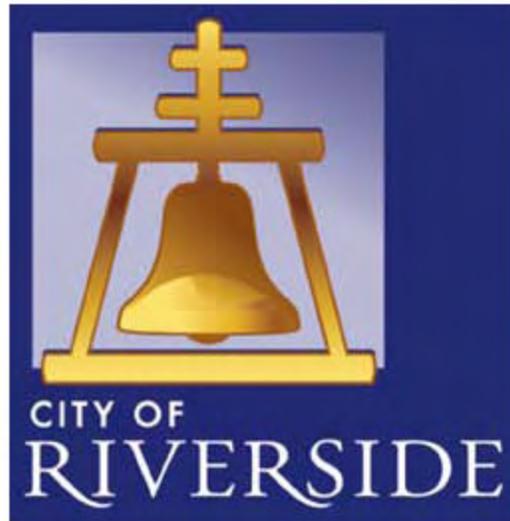
plus earnings on the Decommissioning Trust Fund of \$2,836 and \$2,898 for fiscal years June 30, 2011 and June 30, 2010, respectively. The Electric Utility's portion of current and long-term debt associated with SONGS is included in the accompanying financial statements.

#### 17. State Assembly Bills 1X 26 and 27

On June 29, 2011 Governor Brown signed Assembly Bills 1X 26 and 27 as part of the State's budget package. Assembly Bill 1X 26 requires that California redevelopment agencies immediately suspend activities and only allows activity to meet existing obligations, preserve its assets and prepare for potential dissolution of the agency. Assembly Bill 1X 27 provides a means for redevelopment agencies to continue to exist and operate via a Voluntary Alternative Redevelopment Program by adopting an ordinance agreeing to make certain payments to help alleviate the State budget crisis in fiscal year 2011-12 and annual payments each fiscal year thereafter.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills 1X 26 and 27 on the grounds that they violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill 1X 27 and most of Assembly Bill 1X 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012."

On August 9, 2011, Ordinance No. 7138 was adopted, indicating that the agency will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills 1X 26 and/or 27 are upheld as constitutional. The initial payment by the agency is estimated to be \$19.6 million with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$4.6M will be due annually. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any new debt is incurred. Assembly Bill 1X 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the agency to assemble sufficient funds to make its initial payments.



## **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.

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

**Housing and 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.

**Redevelopment Agency Fund** – To account for the portion of Redevelopment tax increment monies which California Redevelopment Law requires be set aside for the development of low and moderate income housing.

**National Pollution Discharge Elimination System (NPDES)** – 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.

**Neglected Property Abatement Fund** – To account for revenues and expenditures associated with the neglected property abatement activities of the Code Enforcement Division of the Community Development Department.

**Housing Authority Fund** – To account for revenues and expenditures associated with 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 Improvements 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.

## **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, 2011  
(amounts expressed in thousands)

	Special Revenue						
	Urban Areas Security Initiative	Gas Tax	Air Quality Improvements	Housing & Community Development	Redevelopment Agency	NPDES Storm Drain	Neglected Property Abatement
<b>Assets</b>							
Cash and investments	\$ -	\$ 13,050	\$ 610	\$ 68	\$ 11,469	\$ -	\$ -
Cash and investments at fiscal agent	-	-	-	-	192	-	-
Receivable (net of allowance for uncollectibles):							
Interest	-	104	6	4	112	1	-
Accounts	-	-	-	14	-	-	-
Intergovernmental	725	205	-	2,499	-	228	-
Notes	-	-	-	6,864	15,870	-	-
Advances to other funds	-	-	-	-	20,571	-	-
Land & improvements held for resale	-	-	-	1,677	-	-	-
Total assets	<u>\$ 725</u>	<u>\$ 13,359</u>	<u>\$ 616</u>	<u>\$ 11,126</u>	<u>\$ 48,214</u>	<u>\$ 229</u>	<u>\$ -</u>
<b>Liabilities and fund balances</b>							
Liabilities:							
Accounts payable	\$ 32	\$ 143	\$ 11	\$ 588	\$ 172	\$ 2	\$ -
Accrued payroll	-	-	-	25	-	-	-
Retainage payable	-	898	-	49	-	-	-
Deferred revenue	-	-	-	8,541	15,823	-	-
Deposits	-	-	-	-	26	-	-
Due to other funds	693	-	-	931	-	227	-
Advance from other funds	-	-	-	578	-	-	-
Total liabilities	<u>725</u>	<u>1,041</u>	<u>11</u>	<u>10,712</u>	<u>16,021</u>	<u>229</u>	<u>-</u>
Fund balances							
Restricted for:							
Housing and redevelopment	-	-	-	414	32,193	-	-
Transportation and public works	-	12,318	605	-	-	-	-
Total fund balances	<u>-</u>	<u>12,318</u>	<u>605</u>	<u>414</u>	<u>32,193</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 725</u>	<u>\$ 13,359</u>	<u>\$ 616</u>	<u>\$ 11,126</u>	<u>\$ 48,214</u>	<u>\$ 229</u>	<u>\$ -</u>

City of Riverside  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011  
(amounts expressed in thousands)

	Special Revenue		Capital Projects				Permanent Fund	Total Nonmajor Governmental Funds
	Housing Authority	Total	Special Capital Improvement	Storm Drain	Transportation	Total	Library Special	
<b>Assets</b>								
Cash and investments	\$ 232	\$ 25,429	\$ 2,103	\$ 4,326	\$ 41	\$ 6,470	\$ 1,625	\$ 33,524
Cash and investments at fiscal agent	-	192	2,399	-	-	2,399	-	2,591
Receivable (net of allowance for uncollectibles):								
Interest	8	235	22	32	-	54	-	289
Property taxes	-	-	-	-	-	-	-	-
Accounts	-	14	277	-	-	277	-	291
Intergovernmental	-	3,657	-	-	103	103	-	3,760
Notes	-	22,734	-	-	-	-	-	22,734
Advances to other funds	-	20,571	-	-	-	-	-	20,571
Land & improvements held for resale	11,853	13,530	-	-	-	-	-	13,530
Total assets	<u>\$ 12,093</u>	<u>\$ 86,362</u>	<u>\$ 4,801</u>	<u>\$ 4,358</u>	<u>\$ 144</u>	<u>\$ 9,303</u>	<u>\$ 1,625</u>	<u>\$ 97,290</u>
<b>Liabilities and fund balances</b>								
Liabilities:								
Accounts payable	\$ 12	\$ 960	\$ 24	\$ 365	\$ -	\$ 389	\$ -	\$ 1,349
Accrued payroll	-	25	-	-	-	-	-	25
Retainage payable	-	947	158	-	-	158	-	1,105
Deferred revenue	-	24,364	-	1	115	116	-	24,480
Deposits	10	36	-	-	-	-	-	36
Due to other funds	-	1,851	-	-	-	-	-	1,851
Advance from other funds	-	578	3,538	-	-	3,538	-	4,116
Total liabilities	<u>22</u>	<u>28,761</u>	<u>3,720</u>	<u>366</u>	<u>115</u>	<u>4,201</u>	<u>-</u>	<u>32,962</u>
Fund balances								
Nonspendable:								
Permanent fund principal	-	-	-	-	-	-	1,625	1,625
Restricted for:								
Housing and redevelopment	12,071	44,678	-	-	-	-	-	44,678
Transportation and public works	-	12,923	-	-	29	29	-	12,952
Other purposes	-	-	1,081	3,992	-	5,073	-	5,073
Total fund balances	<u>12,071</u>	<u>57,601</u>	<u>1,081</u>	<u>3,992</u>	<u>29</u>	<u>5,102</u>	<u>1,625</u>	<u>64,328</u>
Total liabilities and fund balances	<u>\$ 12,093</u>	<u>\$ 86,362</u>	<u>\$ 4,801</u>	<u>\$ 4,358</u>	<u>\$ 144</u>	<u>\$ 9,303</u>	<u>\$ 1,625</u>	<u>\$ 97,290</u>

City of Riverside  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2011  
(amounts expressed in thousands)

	Special Revenue						
	Urban Area Security Initiative	Gas Tax	Air Quality Improvement	Housing & Community Development	Redevelopment Agency	NPDES Storm Drain	Neglected Property Abatement
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 11,163	\$ -	\$ -
Intergovernmental	2,374	7,253	352	8,951	-	-	-
Charges for services	-	-	-	-	-	-	33
Fines and forfeitures	-	-	-	-	-	-	3,684
Special assessments	-	-	-	-	-	228	421
Rental and investment income	-	325	18	33	16	-	-
Miscellaneous	-	-	151	3,725	220	-	-
<b>Total revenues</b>	<b>2,374</b>	<b>7,578</b>	<b>521</b>	<b>12,709</b>	<b>11,399</b>	<b>228</b>	<b>4,138</b>
<b>Expenditures</b>							
Current:							
General government	-	-	603	955	1,866	-	3,530
Public Safety	2,374	-	-	-	-	-	-
Capital outlay	-	6,414	-	10,946	3,693	228	-
Debt service:							
Principal	-	-	-	-	9,100	-	-
<b>Total expenditures</b>	<b>2,374</b>	<b>6,414</b>	<b>603</b>	<b>11,901</b>	<b>14,659</b>	<b>228</b>	<b>3,530</b>
Excess (deficiency) of revenues over (under) expenditures	-	1,164	(82)	808	(3,260)	-	608
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	1,474	-	-
Transfers out	-	-	-	-	(14,676)	-	(3,530)
Proceeds from Issuance of long-term debt	-	-	-	-	9,100	-	-
Sales of capital assets	-	-	-	-	197	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,905)</b>	<b>-</b>	<b>(3,530)</b>
Net change in fund balances	-	1,164	(82)	808	(7,165)	-	(2,922)
Fund balances - beginning	-	11,154	687	(394)	39,358	-	2,922
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ 12,318</b>	<b>\$ 605</b>	<b>\$ 414</b>	<b>\$ 32,193</b>	<b>\$ -</b>	<b>\$ -</b>

**City of Riverside**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended June 30, 2011**  
**(amounts expressed in thousands)**

	Special Revenue		Capital Projects				Permanent Fund	Total Nonmajor Governmental Funds
	Housing Authority	Total	Special Capital Improvement	Storm Drain	Transportation	Total	Library Special	
<b>Revenues</b>								
Taxes	\$ -	\$ 11,163	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,163
Licenses and permits	-	-	852	88	-	940	-	940
Intergovernmental	-	18,930	-	-	39	39	-	18,969
Charges for services	-	33	-	-	-	-	-	33
Fines and forfeitures	-	3,684	-	-	-	-	-	3,684
Special assessments	-	649	-	-	-	-	-	649
Rental and investment income	34	426	-	94	-	94	52	572
Miscellaneous	-	4,096	-	-	-	-	89	4,185
Total revenues	34	38,981	852	182	39	1,073	141	40,195
<b>Expenditures</b>								
Current:								
General government	12	6,966	244	100	-	344	-	7,310
Public Safety	-	2,374	-	-	-	-	-	2,374
Culture and recreation	-	-	-	-	-	-	137	137
Capital outlay	1,624	22,905	3,656	892	128	4,676	-	27,581
Debt service:								
Principal	-	9,100	-	-	-	-	-	9,100
Total expenditures	1,636	41,345	3,900	992	128	5,020	137	46,502
Excess (deficiency) of revenues over (under) expenditures	(1,602)	(2,364)	(3,048)	(810)	(89)	(3,947)	4	(6,307)
<b>Other financing sources (uses)</b>								
Transfers in	14,909	16,383	-	-	-	-	-	16,383
Transfers out	(2,674)	(20,880)	(3,465)	-	-	(3,465)	-	(24,345)
Proceeds from issuance of long-term debt	-	9,100	-	-	-	-	-	9,100
Sales of capital assets	(88)	109	-	-	-	-	-	109
Total other financing sources (uses)	12,147	4,712	(3,465)	-	-	(3,465)	-	1,247
Net change in fund balances	10,545	2,348	(6,513)	(810)	(89)	(7,412)	4	(5,060)
Fund balances - beginning	1,526	55,253	7,594	4,802	118	12,514	1,621	69,388
Fund balances - ending	\$ 12,071	\$ 57,601	\$ 1,081	\$ 3,992	\$ 29	\$ 5,102	\$ 1,625	\$ 64,328

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2011  
(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>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	9,696	2,374	(7,322)	7,568	7,253	(315)	330	352	22
Licenses and permits	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-
Rental and investment income	-	-	-	150	325	175	-	18	18
Miscellaneous	-	-	-	-	-	-	131	151	20
Total revenues	<u>9,696</u>	<u>2,374</u>	<u>(7,322)</u>	<u>7,718</u>	<u>7,578</u>	<u>(140)</u>	<u>461</u>	<u>521</u>	<u>60</u>
<b>Expenditures</b>									
Current:									
General government	9,785	2,374	7,411	-	-	-	1,003	603	400
Culture and recreation	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	18,499	6,414	12,085	-	-	-
Total expenditures	<u>9,785</u>	<u>2,374</u>	<u>7,411</u>	<u>18,499</u>	<u>6,414</u>	<u>12,085</u>	<u>1,003</u>	<u>603</u>	<u>400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(89)</u>	<u>-</u>	<u>89</u>	<u>(10,781)</u>	<u>1,164</u>	<u>11,945</u>	<u>(542)</u>	<u>(82)</u>	<u>460</u>
<b>Other financing sources (uses)</b>									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(89)	-	89	(10,781)	1,164	11,945	(542)	(82)	460
Fund balances (deficit), beginning	-	-	-	11,154	11,154	-	687	687	-
Fund balances (deficit), ending	<u>\$ (89)</u>	<u>\$ -</u>	<u>\$ 89</u>	<u>\$ 373</u>	<u>\$ 12,318</u>	<u>\$ 11,945</u>	<u>\$ 145</u>	<u>\$ 605</u>	<u>\$ 460</u>

(continued)

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2011  
(amounts expressed in thousands)

	Special Revenue								
	Housing & Community Development			Redevelopment Agency			NPDES Storm Drain		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
<b>Revenues</b>									
Taxes	\$ -	\$ -	\$ -	\$ 9,586	\$ 11,163	\$ 1,577	\$ -	\$ -	\$ -
Intergovernmental	7,692	8,951	1,259	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	399	228	(171)
Rental and investment income	25	33	8	214	16	(198)	-	-	-
Miscellaneous	390	3,725	3,335	5	220	215	-	-	-
Total revenues	<u>8,107</u>	<u>12,709</u>	<u>4,602</u>	<u>9,805</u>	<u>11,399</u>	<u>1,594</u>	<u>399</u>	<u>228</u>	<u>(171)</u>
<b>Expenditures</b>									
Current:									
General government	959	955	4	33,119	1,866	31,253	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Capital outlay	25,562	10,946	14,616	8,426	3,693	4,733	434	228	206
Debt service									
Principal				9,100	9,100				
Total expenditures	<u>26,521</u>	<u>11,901</u>	<u>14,620</u>	<u>50,645</u>	<u>14,659</u>	<u>35,986</u>	<u>434</u>	<u>228</u>	<u>206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,414)</u>	<u>808</u>	<u>19,222</u>	<u>(40,840)</u>	<u>(3,260)</u>	<u>37,580</u>	<u>(35)</u>	<u>-</u>	<u>35</u>
<b>Other financing sources (uses)</b>									
Transfers in	-	-	-	-	1,474	1,474	-	-	-
Transfers out	-	-	-	(14,840)	(14,676)	164	-	-	-
Proceeds from issuance of long-term debt	-	-	-	9,100	9,100	-	-	-	-
Sale of capital assets	-	-	-	-	197	197	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,740)</u>	<u>(3,905)</u>	<u>1,835</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(18,414)	808	19,222	(46,580)	(7,165)	39,415	(35)	-	35
Fund balances (deficit), beginning	(394)	(394)	-	39,358	39,358	-	-	-	-
Fund balances (deficit), ending	<u>\$ (18,808)</u>	<u>\$ 414</u>	<u>\$ 19,222</u>	<u>\$ (7,222)</u>	<u>\$ 32,193</u>	<u>\$ 39,415</u>	<u>\$ (35)</u>	<u>\$ -</u>	<u>\$ 35</u>

(continued)

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2011  
(amounts expressed in thousands)

	Special Revenue						Capital Projects					
	Neglected Property Abatement			Housing Authority			Capital Outlay			Redevelopment		
	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>												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	85,402	30,720	(54,682)	769	89	(680)
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	33	33	-	-	-	-	-	-	-	-	-
Fines and forfeitures	3,000	3,684	684	-	-	-	-	-	-	-	-	-
Special assessments	500	421	(79)	-	-	-	35	315	280	-	-	-
Rental and investment income	-	-	-	-	34	34	175	450	275	809	2,445	1,636
Miscellaneous	-	-	-	-	-	-	2,100	1,911	(189)	23	3,406	3,383
Total revenues	<u>3,500</u>	<u>4,138</u>	<u>638</u>	<u>-</u>	<u>34</u>	<u>34</u>	<u>87,712</u>	<u>33,396</u>	<u>(54,316)</u>	<u>1,601</u>	<u>5,940</u>	<u>4,339</u>
<b>Expenditures</b>												
Current:												
General government	3,867	3,530	337	1,817	12	1,805	-	-	-	13,366	8,983	4,383
Culture and recreation	-	-	-	-	-	-	-	-	-	15,393	18,848	(3,455)
Capital outlay	-	-	-	-	1,624	(1,624)	101,545	40,780	60,765	127,390	35,711	91,679
Debt service												
Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	990	(990)
Total expenditures	<u>3,867</u>	<u>3,530</u>	<u>337</u>	<u>1,817</u>	<u>1,636</u>	<u>181</u>	<u>101,545</u>	<u>40,780</u>	<u>60,765</u>	<u>156,149</u>	<u>64,532</u>	<u>91,617</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(367)</u>	<u>608</u>	<u>975</u>	<u>(1,817)</u>	<u>(1,602)</u>	<u>215</u>	<u>(13,833)</u>	<u>(7,384)</u>	<u>6,449</u>	<u>(154,548)</u>	<u>(58,592)</u>	<u>95,956</u>
<b>Other financing sources (uses)</b>												
Transfers in	-	-	-	14,559	14,909	350	-	-	-	21,952	29,554	7,602
Transfers out	-	(3,530)	(3,530)	(1,200)	(2,674)	(1,474)	-	-	-	(117,365)	(117,905)	(540)
Proceeds from issuance of long-term debt	-	-	-	-	-	-	-	-	-	65,000	65,000	-
Sale of capital assets	-	-	-	-	(88)	(88)	-	-	-	-	(3,657)	(3,657)
Total other financing sources	<u>-</u>	<u>(3,530)</u>	<u>(3,530)</u>	<u>13,359</u>	<u>12,147</u>	<u>(1,212)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,413)</u>	<u>(27,008)</u>	<u>3,405</u>
Net change in fund balances	(367)	(2,922)	(2,555)	11,542	10,545	(997)	(13,833)	(7,384)	6,449	(184,961)	(85,600)	99,361
Fund balances (deficit), beginning	2,922	2,922	-	1,526	1,526	-	20,891	20,891	-	13,494	137,494	124,000
Fund balances (deficit), ending	<u>\$ 2,555</u>	<u>\$ -</u>	<u>\$ (2,555)</u>	<u>\$ 13,068</u>	<u>\$ 12,071</u>	<u>\$ (997)</u>	<u>\$ 7,058</u>	<u>\$ 13,507</u>	<u>\$ 6,449</u>	<u>\$ (171,467)</u>	<u>\$ 51,894</u>	<u>\$ 223,361</u>

(continued)

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2011  
(amounts expressed in thousands)

	Capital Projects								
	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
<b>Revenues</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	449	39	(410)
Licenses and permits	-	852	852	65	88	23	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-
Rental and investment income	-	-	-	60	94	34	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>852</u>	<u>852</u>	<u>125</u>	<u>182</u>	<u>57</u>	<u>449</u>	<u>39</u>	<u>(410)</u>
<b>Expenditures</b>									
Current:									
General government	549	244	305	100	100	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Capital outlay	7,861	3,656	4,205	3,732	892	2,840	539	128	411
Debt service									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Total expenditures	<u>8,410</u>	<u>3,900</u>	<u>4,510</u>	<u>3,832</u>	<u>992</u>	<u>2,840</u>	<u>539</u>	<u>128</u>	<u>411</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,410)</u>	<u>(3,048)</u>	<u>5,362</u>	<u>(3,707)</u>	<u>(810)</u>	<u>2,897</u>	<u>(90)</u>	<u>(89)</u>	<u>1</u>
<b>Other financing sources (uses)</b>									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(3,465)	(3,465)	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>(3,465)</u>	<u>(3,465)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(11,875)	(6,513)	5,362	(3,707)	(810)	2,897	(90)	(89)	1
Fund balances (deficit), beginning	7,594	7,594	-	4,802	4,802	-	118	118	-
Fund balances (deficit), ending	<u>\$ (4,281)</u>	<u>\$ 1,081</u>	<u>\$ 5,362</u>	<u>\$ 1,095</u>	<u>\$ 3,992</u>	<u>\$ 2,897</u>	<u>\$ 28</u>	<u>\$ 29</u>	<u>\$ 1</u>

## **Nonmajor Enterprise Funds**

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

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

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

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

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

**City of Riverside**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2011**  
**(amounts expressed in thousands)**

<b>Assets</b>	<b>Airport</b>	<b>Refuse</b>	<b>Transportation</b>	<b>Public Parking</b>	<b>Total</b>
Current assets:					
Cash and investments	\$ 2	\$ 1,378	\$ 1,167	\$ 2,610	\$ 5,157
Receivables (net of allowance for uncollectibles)					
Interest	-	30	9	32	71
Utility billed	-	619	-	-	619
Utility unbilled	-	580	-	-	580
Accounts	106	198	9	56	369
Intergovernmental	-	-	639	59	698
Restricted assets:					
Cash and cash equivalents	-	2,247	-	-	2,247
Cash and investments at fiscal agent	-	-	-	15,547	15,547
Total current assets	<u>108</u>	<u>5,052</u>	<u>1,824</u>	<u>18,304</u>	<u>25,288</u>
Non-current assets:					
Deferred charges - other	238	9,014	624	175	10,051
Capital assets:					
Land	9,988	-	-	3,713	13,701
Buildings	2,114	-	22	13,879	16,015
Accumulated depreciation-buildings	(1,062)	-	(9)	(3,181)	(4,252)
Improvements other than buildings	18,032	-	47	5,915	23,994
Accumulated depreciation-improvements other than buildings	(4,779)	-	(4)	(774)	(5,557)
Machinery and equipment	412	11,687	3,954	1,682	17,735
Accumulated depreciation-machinery and equipment	(217)	(7,303)	(2,080)	(1,001)	(10,601)
Construction in progress	1,077	-	191	10,295	11,563
Total non-current assets:	<u>25,803</u>	<u>13,398</u>	<u>2,745</u>	<u>30,703</u>	<u>72,649</u>
Total assets	<u>25,911</u>	<u>18,450</u>	<u>4,569</u>	<u>49,007</u>	<u>97,937</u>

(continued)

**City of Riverside**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2011**  
**(amounts expressed in thousands)**

<b>Liabilities</b>	<b>Airport</b>	<b>Refuse</b>	<b>Transportation</b>	<b>Public Parking</b>	<b>Total</b>
<b>Current liabilities:</b>					
Accounts payable	111	692	21	692	1,516
Accrued payroll	49	592	118	87	846
Unearned revenue	-	-	1,656	-	1,656
Due to other funds	5	-	-	-	5
Capital leases-current	-	-	7	-	7
Notes-current	-	-	-	807	807
Landfill capping-current	-	200	-	-	200
Other payables	46	419	192	82	739
<b>Total current liabilities</b>	<b>211</b>	<b>1,903</b>	<b>1,994</b>	<b>1,668</b>	<b>5,776</b>
<b>Non-current liabilities:</b>					
Notes payables	-	-	-	23,801	23,801
Capital leases	-	-	22	-	22
Advances from other funds	233	1,273	612	1,696	3,814
Landfill capping	-	6,715	-	-	6,715
<b>Total non-current liabilities</b>	<b>233</b>	<b>7,988</b>	<b>634</b>	<b>25,497</b>	<b>34,352</b>
<b>Total liabilities</b>	<b>444</b>	<b>9,891</b>	<b>2,628</b>	<b>27,165</b>	<b>40,128</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	25,565	4,384	2,092	21,467	53,508
Restricted for landfill capping	-	2,247	-	-	2,247
Unrestricted	(98)	1,928	(151)	375	2,054
<b>Total net assets</b>	<b>\$ 25,467</b>	<b>\$ 8,559</b>	<b>\$ 1,941</b>	<b>\$ 21,842</b>	<b>\$ 57,809</b>

**City of Riverside**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Nonmajor Enterprise Funds**  
**For the fiscal year ended June 30, 2011**  
**(amounts expressed in thousands)**

	<u>Airport</u>	<u>Refuse</u>	<u>Transportation</u>	<u>Public Parking</u>	<u>Total</u>
Operating revenues:					
Charges for services	\$ 1,342	\$ 19,134	\$ 344	\$ 5,205	\$ 26,025
Operating expenses:					
Personnel services	718	4,360	1,917	1,077	8,072
Contractual services	59	3,825	18	1,142	5,044
Maintenance and operation	276	5,471	447	472	6,666
General	237	3,660	313	102	4,312
Materials and supplies	366	793	173	8	1,340
Insurance	29	105	46	86	266
Depreciation and amortization	619	1,795	561	866	3,841
Total operating expenses	<u>2,304</u>	<u>20,009</u>	<u>3,475</u>	<u>3,753</u>	<u>29,541</u>
Operating Income (loss)	<u>(962)</u>	<u>(875)</u>	<u>(3,131)</u>	<u>1,452</u>	<u>(3,516)</u>
Nonoperating revenues (expenses):					
Operating grants	-	-	2,159	-	2,159
Interest income	-	85	2	15	102
Other	117	200	74	664	1,055
Gain/loss on retirement of capital assets	-	2	2	-	4
Interest expense and fiscal charges	(16)	(37)	(18)	(648)	(719)
Total non-operating revenues	<u>101</u>	<u>250</u>	<u>2,219</u>	<u>31</u>	<u>2,601</u>
Income before capital contributions and transfers	<u>(861)</u>	<u>(625)</u>	<u>(912)</u>	<u>1,483</u>	<u>(915)</u>
Cash capital contributions	-	-	714	-	714
Noncash capital contributions	-	-	-	10	10
Transfers out	-	-	-	(992)	(992)
Change in net assets	<u>(861)</u>	<u>(625)</u>	<u>(198)</u>	<u>501</u>	<u>(1,183)</u>
Total net assets - beginning	<u>26,328</u>	<u>9,184</u>	<u>2,139</u>	<u>21,341</u>	<u>58,992</u>
Total net assets - ending	<u>\$ 25,467</u>	<u>\$ 8,559</u>	<u>\$ 1,941</u>	<u>\$ 21,842</u>	<u>\$ 57,809</u>

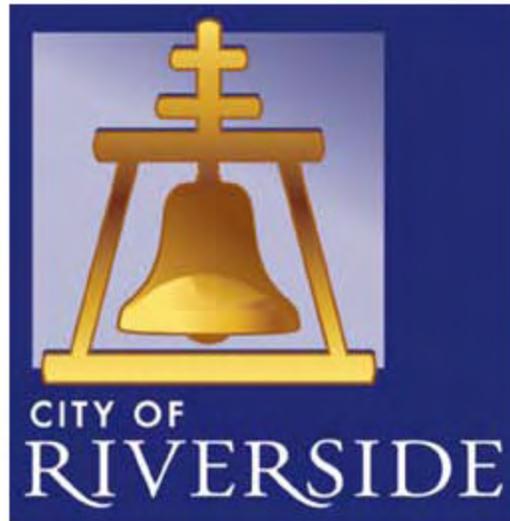
City of Riverside  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the fiscal year ended June 30, 2011  
(amounts expressed in thousands)

	<u>Airport</u>	<u>Refuse</u>	<u>Trans- portation</u>	<u>Public Parking</u>	<u>Totals</u>
Cash flows from operating activities:					
Cash received from customers and users	\$ 1,334	\$ 19,224	\$ 338	\$ 5,306	\$ 26,202
Cash paid to employees for services	(698)	(4,206)	(1,842)	(1,032)	(7,778)
Cash paid to other suppliers of goods or services	(894)	(14,131)	(976)	(1,163)	(17,164)
Other receipts	<u>117</u>	<u>200</u>	<u>74</u>	<u>664</u>	<u>1,055</u>
Net cash provided (used) by operating activities	<u>(141)</u>	<u>1,087</u>	<u>(2,406)</u>	<u>3,775</u>	<u>2,315</u>
Cash flows from noncapital financing activities:					
Transfers out	-	-	-	(992)	(992)
Operating grants	99	-	1,444	-	1,543
Payments on interfund receivables	<u>(1)</u>	<u>(33)</u>	<u>(16)</u>	<u>(7,219)</u>	<u>(7,269)</u>
Net cash provided (used) by noncapital financing activities	<u>98</u>	<u>(33)</u>	<u>1,428</u>	<u>(8,211)</u>	<u>(6,718)</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(93)	-	(481)	(4,405)	(4,979)
Proceeds from the sale of capital assets	-	2	2	-	4
Principal paid on long-term obligations	(50)	-	-	-	(50)
Proceeds from on long-term obligations	-	-	-	24,608	24,608
Interest paid on long-term obligations	(16)	(30)	(18)	(648)	(712)
Capital contributions	<u>-</u>	<u>-</u>	<u>714</u>	<u>-</u>	<u>714</u>
Net cash provided (used) for capital and related financing activities	<u>(159)</u>	<u>(28)</u>	<u>217</u>	<u>19,555</u>	<u>19,585</u>
Cash flows from investing activities:					
Income from investments	<u>1</u>	<u>70</u>	<u>5</u>	<u>2</u>	<u>78</u>
Net cash provided by investing activities	<u>1</u>	<u>70</u>	<u>5</u>	<u>2</u>	<u>78</u>
Net change in cash and cash equivalents	(201)	1,096	(756)	15,121	15,260
Cash and cash equivalents, beginning	<u>203</u>	<u>2,529</u>	<u>1,923</u>	<u>3,036</u>	<u>7,691</u>
Cash and cash equivalents, ending	<u>\$ 2</u>	<u>\$ 3,625</u>	<u>\$ 1,167</u>	<u>\$ 18,157</u>	<u>\$ 22,951</u>

continued

City of Riverside  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the fiscal year ended June 30, 2011  
(amounts expressed in thousands)

	Airport	Refuse	Trans- portation	Public Parking	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating Income (loss)	\$ (962)	\$ (875)	\$ (3,131)	\$ 1,452	\$ (3,516)
Other receipts	117	200	74	664	1,055
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	619	1,795	561	866	3,841
Amortization of pension costs	6	30	14	4	54
(Increase) in utility billed receivable	-	(28)	-	-	(28)
Decrease in utility unbilled receivable	-	67	-	-	67
(Increase) decrease in accounts receivable	(8)	51	(6)	109	146
(Increase) in intergovernmental receivable	-	-	-	(8)	(8)
Decrease in prepaid items	-	-	20	-	20
Increase in accounts payable	74	110	1	647	832
Increase in accrued payroll	-	17	9	15	41
(decrease) in retainage payable	(1)	-	-	-	(1)
Increase in other payable	14	107	52	26	199
(Decrease) in due to other funds	-	(222)	-	-	(222)
(Decrease) in landfill capping	-	(165)	-	-	(165)
Net cash provided (used) by operating activities	<u>\$ (141)</u>	<u>\$ 1,087</u>	<u>\$ (2,406)</u>	<u>\$ 3,775</u>	<u>\$ 2,315</u>



## **Internal Service Funds**

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

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

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

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

**City of Riverside**  
**Combining Statement of Net Assets**  
**Internal Service funds**  
**June 30, 2011**  
**(amounts expressed in thousands)**

<b>Assets</b>	<b>Self-Insurance Trust</b>	<b>Central Stores</b>	<b>Central Garage</b>	<b>Totals</b>
Current assets:				
Cash and investments	\$ 1,306	\$ -	\$ 2,930	\$ 4,236
Receivables (net of allowance for uncollectibles):				
Interest	35	-	22	57
Accounts	29	-	63	92
Intergovernmental	57	-	-	57
Inventory	-	6,683	752	7,435
Total current assets	<u>1,427</u>	<u>6,683</u>	<u>3,767</u>	<u>11,877</u>
Advances to other funds	11,975	-	-	11,975
Deferred charges	228	239	1,074	1,541
Capital assets:				
Buildings	-	-	1,488	1,488
Accumulated depreciation-buildings	-	-	(211)	(211)
Machinery and equipment	-	148	9,457	9,605
Accumulated depreciation-machinery and equipment	-	(142)	(7,863)	(8,005)
Construction in Progress	-	-	215	215
Capital assets (net of accumulated depreciation)	<u>-</u>	<u>6</u>	<u>3,086</u>	<u>3,092</u>
Total noncurrent assets	<u>12,203</u>	<u>245</u>	<u>4,160</u>	<u>16,608</u>
Total assets	<u>13,630</u>	<u>6,928</u>	<u>7,927</u>	<u>28,485</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	265	189	472	926
Accrued payroll	34	95	404	533
Due to other funds	-	4,195	-	4,195
Claims and judgements - current	9,900	-	-	9,900
Other payables	47	56	247	350
Total current liabilities	<u>10,246</u>	<u>4,535</u>	<u>1,123</u>	<u>15,904</u>
Noncurrent liabilities:				
Advances from other funds	223	234	1,055	1,512
Claims and judgements	16,715	-	-	16,715
Total noncurrent liabilities	<u>16,938</u>	<u>234</u>	<u>1,055</u>	<u>18,227</u>
Total liabilities	<u>27,184</u>	<u>4,769</u>	<u>2,178</u>	<u>34,131</u>
<b>Net Assets</b>				
Invested in capital assets	-	6	3,086	3,092
Unrestricted	(13,554)	2,153	2,663	(8,738)
Total net assets	<u>\$ (13,554)</u>	<u>\$ 2,159</u>	<u>\$ 5,749</u>	<u>\$ (5,646)</u>

**City of Riverside**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2011**  
**(amounts expressed in thousands)**

	<u>Self-Insurance Trust</u>	<u>Central Stores</u>	<u>Central Garage</u>	<u>Totals</u>
Operating revenues:				
Charges for services	\$ 7,581	\$ 1,313	\$ 6,898	\$ 15,792
Operating expenses:				
Personnel services	455	606	2,644	3,705
Contractual services	67	-	153	220
Maintenance and operation	2	26	2,092	2,120
General	846	330	604	1,780
Materials and supplies	1	15	194	210
Claims/Insurance	10,692	9	35	10,736
Depreciation and amortization	-	4	779	783
Total operating expenses	<u>12,063</u>	<u>990</u>	<u>6,501</u>	<u>19,554</u>
Operating income (loss)	<u>(4,482)</u>	<u>323</u>	<u>397</u>	<u>(3,762)</u>
Non-operating revenues (expenses):				
Interest income	425	-	72	497
Other	85	-	6	91
Gain (loss) on retirement of capital assets	-	-	(16)	(16)
Interest expense and fiscal charges	(110)	(7)	(31)	(148)
Total non-operating revenue (expenses)	<u>400</u>	<u>(7)</u>	<u>31</u>	<u>424</u>
Change in net assets	(4,082)	316	428	(3,338)
Total net assets - beginning	(9,472)	1,843	5,321	(2,308)
Total net assets - ending	<u>\$ (13,554)</u>	<u>\$ 2,159</u>	<u>\$ 5,749</u>	<u>\$ (5,646)</u>

City of Riverside  
Combining Statement of Cash Flows  
Internal Service Funds  
For the fiscal year ended June 30, 2011  
(amounts expressed in thousands)

	Self-Insurance Trust	Central Stores	Central Garage	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 8,678	\$ 1,313	\$ 10,546	\$ 20,537
Cash paid to employees for services	(432)	(577)	(2,544)	(3,553)
Cash paid to other suppliers of goods or services	(11,775)	(73)	(6,604)	(18,452)
Other	85	-	6	91
Net cash provided (used) by operating activities	<u>(3,444)</u>	<u>663</u>	<u>1,404</u>	<u>(1,377)</u>
Cash flows from noncapital financing activities:				
Payments on interfund payables	(6)	(656)	(27)	(689)
Advances to other funds	1,627	-	-	1,627
Net cash (used) by noncapital financing activities	<u>1,621</u>	<u>(656)</u>	<u>(27)</u>	<u>938</u>
Cash flows from capital and related financing activities:				
Interest paid on long-term obligation	(110)	(7)	(31)	(148)
Loss from the sale of capital assets	-	-	(16)	(16)
Purchase of capital assets	-	-	(1,044)	(1,044)
Net cash (used) for capital and related financing activities	<u>(110)</u>	<u>(7)</u>	<u>(1,091)</u>	<u>(1,208)</u>
Cash flows from investing activities:				
Income from investments	431	-	63	494
	<u>431</u>	<u>-</u>	<u>63</u>	<u>494</u>
Net increase (decrease) in cash and cash equivalents	(1,502)	-	349	(1,153)
Cash and cash equivalents, beginning	<u>2,808</u>	<u>-</u>	<u>2,581</u>	<u>5,389</u>
Cash and cash equivalents, ending	<u>\$ 1,306</u>	<u>\$ -</u>	<u>\$ 2,930</u>	<u>\$ 4,236</u>

continued

City of Riverside  
Combining Statement of Cash Flows  
Internal Service Funds  
For the fiscal year ended June 30, 2011  
(amounts expressed in thousands)

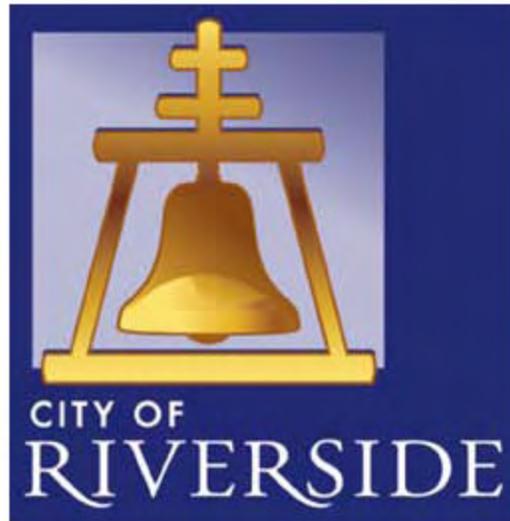
	Self-Insurance Trust	Central Stores	Central Garage	Total
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (4,482)	\$ 323	\$ 397	\$ (3,762)
Other	85	-	6	91
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	-	4	779	783
Amortization of pension costs	5	5	25	35
(Increase) in account receivable	(28)	-	(19)	(47)
(Increase) decrease in intergovernmental receivable	(27)	-	9	(18)
(Increase) in inventory	-	(1,242)	(178)	(1,420)
Increase (decrease) in accounts payable	(89)	(98)	310	123
Increase in other payable	13	15	61	89
Increase in accrued payroll	5	9	14	28
Increase in due to other funds	-	1,647	-	1,647
Increase in claims and judgments	1,074	-	-	1,074
Net cash provided (used) by operating activities	<u>\$ (3,444)</u>	<u>\$ 663</u>	<u>\$ 1,404</u>	<u>\$ (1,377)</u>

## **Fiduciary Fund**

The City's Fiduciary Fund is comprised of an Agency Fund, which 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, 2011**  
**(amounts expressed in thousands)**

	<b>Balance</b>				<b>Balance</b>
	<b>July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>		<b>June 30, 2011</b>
<b>Assets:</b>					
Cash and investments	\$ 11,119	\$ 7,334	\$ 9,798	\$	8,655
Cash and investments at fiscal agent	8,930	8,864	8,832	\$	8,962
Interest receivable	52	572	566	\$	58
Property taxes receivable	267	270	275	\$	262
<b>Total assets</b>	<b>\$ 20,368</b>	<b>\$ 17,040</b>	<b>\$ 19,471</b>	<b>\$</b>	<b>17,937</b>
<b>Liabilities:</b>					
Accounts payable	\$ 5	\$ 136	\$ 113	\$	28
Held for bond holders	20,363	7,476	9,930	\$	17,909
<b>Total liabilities</b>	<b>\$ 20,368</b>	<b>\$ 7,612</b>	<b>\$ 10,043</b>	<b>\$</b>	<b>17,937</b>

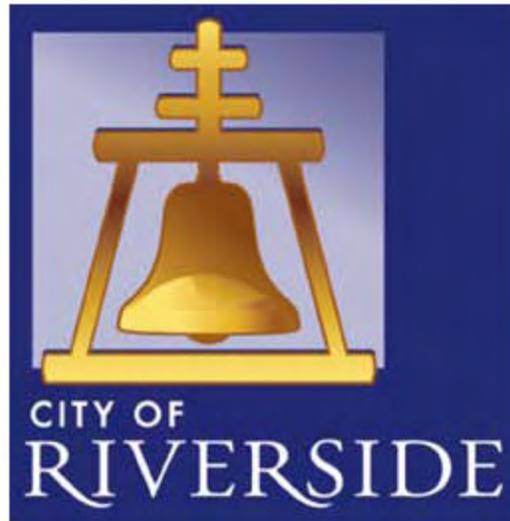


CITY OF  
RIVERSIDE

**City of Riverside**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Source**  
**June 30, 2011**  
**(amounts expressed in thousands)**

Governmental funds capital assets:	
Land	\$ 290,692
Buildings and improvements	165,101
Improvements other than buildings	202,911
Machinery and equipment	849,090
Infrastructure	74,503
Construction in progress	23,562
Total governmental funds capital assets	<u>\$ 1,605,859</u>

Investments in governmental funds capital assets by source:	
Certificates of participation	\$ 120,956
Gifts	310,779
Operating revenue	417,002
General obligation bonds	4,483
Revenue bonds	21,104
County contracts and grants	397
State grants	1,026
Asset forfeiture - state	2,278
Asset forfeiture - federal	147
Housing and community development grants	33,703
Other federal grants	768
Community facilities bonds	2,118
Assessment district bonds	29,309
Capital leases	18,452
RDA tax increment bonds	5,405
Capital projects funds	637,932
Total governmental funds capital assets	<u>\$ 1,605,859</u>



## Statistical Section

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>85</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate property and sales taxes.	<b>91</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>100</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>107</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>109</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 Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

(in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 465,803	\$ 471,380	\$ 484,784	\$ 515,354	\$ 622,336	\$ 712,801	\$ 850,740	\$ 950,496	\$ 976,614	\$ 1,019,892
Restricted	115,352	106,862	137,126	154,957	158,038	107,982	102,677	98,903	108,932	80,820
Unrestricted	(59,893)	(10,227)	(41,353)	(46,419)	(51,261)	(34,245)	(31,429)	(41,861)	(80,947)	(90,159)
Total governmental activities net assets	<u>\$ 521,262</u>	<u>\$ 568,015</u>	<u>\$ 580,557</u>	<u>\$ 623,892</u>	<u>\$ 729,113</u>	<u>\$ 786,538</u>	<u>\$ 921,988</u>	<u>\$ 1,007,538</u>	<u>\$ 1,004,599</u>	<u>\$ 1,010,553</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 293,936	\$ 323,094	\$ 341,041	\$ 402,377	\$ 425,285	\$ 520,059	\$ 601,999	\$ 659,904	\$ 660,619	\$ 654,974
Restricted	38,535	40,869	49,242	54,540	71,386	57,613	43,341	38,621	59,863	56,397
Unrestricted	177,537	181,985	217,762	229,462	250,041	242,966	225,281	207,405	219,720	256,038
Total business-type activities net assets	<u>\$ 510,008</u>	<u>\$ 545,948</u>	<u>\$ 608,045</u>	<u>\$ 686,379</u>	<u>\$ 746,712</u>	<u>\$ 820,638</u>	<u>\$ 870,621</u>	<u>\$ 905,930</u>	<u>\$ 940,202</u>	<u>\$ 967,409</u>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 759,739	\$ 794,474	\$ 825,825	\$ 917,731	\$ 1,047,621	\$ 1,232,860	\$ 1,452,739	\$ 1,610,400	\$ 1,637,233	\$ 1,674,866
Restricted	153,887	147,731	186,368	209,497	229,424	165,595	146,018	137,524	168,795	137,217
Unrestricted	117,644	171,758	176,409	183,043	198,780	208,721	193,852	165,544	138,773	165,879
Total primary government net assets	<u>\$ 1,031,270</u>	<u>\$ 1,113,963</u>	<u>\$ 1,188,602</u>	<u>\$ 1,310,271</u>	<u>\$ 1,475,825</u>	<u>\$ 1,607,176</u>	<u>\$ 1,792,609</u>	<u>\$ 1,913,468</u>	<u>\$ 1,944,801</u>	<u>\$ 1,977,962</u>

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

(in thousands) Page 1 of 2

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>										
Governmental activities:										
General government	\$ 47,245	\$ 59,530	\$ 63,000	\$ 58,460	\$ 74,458	\$ 105,486	\$ 113,897	\$ 102,665	\$119,676	\$102,877
Public safety	80,944	88,969	102,500	110,969	120,470	114,312	122,783	127,350	118,868	123,061
Highways and streets	6,819	15,625	22,017	20,364	20,757	22,556	26,986	18,731	22,036	24,082
Culture and Recreation	29,607	29,236	22,988	26,353	32,602	28,016	31,659	24,121	37,679	44,098
Interest on long-term debt	7,727	7,696	10,996	15,885	16,358	26,378	34,075	34,361	32,049	33,638
Total governmental activities expenses	172,342	201,056	221,501	232,031	264,645	296,748	329,400	307,228	330,308	327,756
Business-type activities:										
Electric	215,131	186,917	196,727	200,030	226,186	232,346	271,412	269,209	256,860	275,922
Water	28,978	29,715	33,921	36,709	39,486	42,108	47,570	53,931	55,402	56,390
Sewer	19,214	20,053	23,273	26,108	27,299	29,510	31,209	34,853	41,248	42,276
Refuse	10,821	11,577	11,510	12,841	14,546	16,490	18,430	18,425	20,527	20,046
Airport	1,045	1,151	1,088	1,185	1,004	1,201	1,418	1,734	2,206	2,320
Transportation	1,735	2,110	2,286	2,557	2,917	2,831	3,190	3,194	3,368	3,493
Public parking	-	1,392	1,389	824	2,701	3,762	4,093	5,095	4,024	4,401
Total business-type activities expenses	276,924	252,915	270,194	280,254	314,139	328,248	377,322	386,441	383,635	404,848
Total primary government expenses	\$ 449,266	\$ 453,971	\$ 491,695	\$ 512,285	\$ 578,784	\$ 624,996	\$ 706,722	\$ 693,669	\$713,943	\$732,604
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 20,265	\$ 22,675	\$ 26,160	\$ 25,995	\$ 24,683	\$ 10,245	\$ 23,969	\$ 13,691	\$ 12,933	\$ 14,241
Public safety	5,855	6,427	6,799	6,982	5,845	12,410	9,924	8,414	8,177	8,075
Highways and streets	18,891	20,867	22,286	23,108	25,412	30,563	19,695	14,391	17,847	16,985
Culture and recreation	4,671	8,304	5,056	7,002	7,716	8,302	4,370	3,168	2,367	3,180
Operating grants and contributions	7,257	12,716	12,935	16,140	13,150	12,101	15,024	23,313	32,853	21,127
Capital grants and contributions	19,528	2,144	1,136	5,292	18,618	10,557	115,982	69,745	23,395	38,138
Total governmental activities program revenues	76,467	73,133	74,372	84,519	95,424	84,178	188,964	132,722	97,572	101,746
Business-type activities:										
Charges for services:										
Electric	216,106	204,293	233,102	252,322	259,572	278,888	305,299	314,164	309,910	313,703
Water	29,527	28,637	32,382	34,002	37,613	47,080	49,855	54,923	57,534	62,084
Sewer	20,457	21,172	21,672	21,967	21,510	24,057	22,525	23,247	27,342	32,769
Refuse	11,220	11,795	13,759	14,492	15,160	15,833	16,289	18,394	18,712	19,134
Airport	1,089	1,046	1,051	1,088	1,162	1,263	1,423	1,232	1,315	1,342
Transportation	116	170	185	200	238	302	313	336	328	344
Public parking	-	2,385	2,760	2,961	2,837	3,431	3,717	4,332	4,876	5,205
Operating grants and contributions	2,992	3,663	1,723	2,261	2,704	1,939	3,308	1,929	2,487	2,159
Capital grants and contributions	1,877	4,976	26,390	32,317	29,293	40,066	29,215	17,288	6,838	7,337
Total business-type activities program revenues	283,384	278,137	333,024	361,610	370,089	412,859	431,944	435,845	429,342	444,077
Total primary government program revenues	\$ 359,851	\$ 351,270	\$ 407,396	\$ 446,129	\$ 465,513	\$ 497,037	\$ 620,908	\$ 568,567	\$526,914	\$545,823

(continued)

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

(in thousands) Page 2 of 2

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Net Revenues (Expense)</b>										
Governmental activities	\$ (95,875)	\$ (127,923)	\$ (147,129)	\$ (147,512)	\$ (169,221)	\$ (212,570)	\$ (140,436)	\$ (174,506)	\$ (232,736)	\$ (226,010)
Business-type activities	6,460	25,222	62,830	81,356	55,950	84,611	54,622	49,404	45,707	39,229
Total primary government net expense	\$ (89,415)	\$ (102,701)	\$ (84,299)	\$ (66,156)	\$ (113,271)	\$ (127,959)	\$ (85,814)	\$ (125,102)	\$ (187,029)	\$ (186,781)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Sales	\$ 38,467	\$ 41,691	\$ 46,624	\$ 53,348	\$ 57,522	\$ 55,666	\$ 50,526	\$ 41,882	\$ 39,645	\$ 44,157
Property	29,471	33,584	35,911	61,553	80,934	106,114	114,176	116,420	104,087	100,802
Utility Users	18,510	19,928	21,362	22,133	23,502	25,384	26,267	25,964	25,975	26,691
Franchise	4,070	3,811	4,261	4,481	4,813	5,031	4,972	5,144	4,477	4,937
Other	2,777	2,967	3,213	3,828	4,372	3,581	3,795	2,912	2,488	2,731
Intergovernmental, unrestricted	14,848	15,533	12,528	1,795	1,747	1,863	2,074	4,569	1,339	1,285
Unrestricted grants and contributions	-	-	18,710	15,220	39,653	29,743	-	-	-	-
Investment earnings	11,058	8,064	1,284	7,815	10,150	18,582	25,670	15,941	8,289	7,439
Miscellaneous	5,079	2,241	5,476	5,756	26,173	4,228	9,480	5,137	3,344	9,544
Transfers	18,057	18,218	10,302	14,918	25,576	31,171	32,326	42,087	40,153	34,378
Contributions	-	-	(2,800)	-	-	-	-	-	-	-
Total governmental activities	142,337	146,037	156,871	190,847	274,442	281,363	269,286	260,056	229,797	231,964
Business-type activities:										
Unrestricted grants and contributions	12,638	15,972	-	-	-	-	-	-	-	-
Investment income	12,780	9,115	5,016	7,548	11,259	16,988	22,756	23,402	21,271	17,548
Miscellaneous	5,624	3,849	4,553	7,362	18,700	3,498	4,931	4,590	7,447	4,808
Special item	7,900	-	-	(3,014)	-	-	-	-	-	-
Transfers	(18,057)	(18,218)	(10,302)	(14,918)	(25,576)	(31,171)	(32,326)	(42,087)	(40,153)	(34,378)
Total business-type activities	20,885	10,718	(733)	(3,022)	4,383	(10,685)	(4,639)	(14,095)	(11,435)	(12,022)
Total primary government	163,222	156,755	156,138	187,825	278,825	270,678	264,647	245,961	218,362	219,942
<b>Change in Net Assets</b>										
Governmental activities	\$ 46,462	\$ 18,114	\$ 9,742	\$ 43,335	\$ 105,221	\$ 68,793	\$ 128,850	\$ 85,550	\$ (2,939)	\$ 5,954
Business-type activities	27,345	35,940	62,097	78,334	60,333	73,926	49,983	35,309	34,272	27,207
Total primary government	\$ 73,807	\$ 54,054	\$ 71,839	\$ 121,669	\$ 165,554	\$ 142,719	\$ 178,833	\$ 120,859	\$ 31,333	\$ 33,161

**Table 3**  
**City of Riverside**  
**Fund Balances of Governmental Funds**  
**As of June 30, 2011**  
**(modified accrual basis of accounting, in thousands)**

General fund	
Nonspendable	\$ 26,646
Restricted	82,249
Assigned	15,589
Unassigned	<u>36,359</u>
Total general fund	<u><u>160,843</u></u>

All other governmental funds	
Nonspendable	1,626
Restricted:	
Housing and redevelopment	96,571
Debt service	56,526
Transportation and public works	26,459
Other purposes	<u>5,073</u>
Total all other governmental funds	<u><u>\$ 186,255</u></u>

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Taxes	\$ 93,879	\$ 102,286	\$ 113,118	\$ 142,056	\$ 170,638	\$ 191,131	\$ 200,438	\$ 192,322	\$ 177,255	\$ 179,318
Licenses and permits	12,317	14,394	11,343	14,389	16,351	12,984	10,027	7,368	6,899	7,657
Intergovernmental	47,410	43,829	42,609	42,568	55,178	47,934	79,423	86,873	60,550	61,082
Charges for services	7,866	8,878	10,046	11,299	11,538	11,914	11,325	9,099	9,570	10,720
Fines and forfeitures	2,346	2,095	2,188	2,006	2,098	2,778	4,573	6,213	7,512	8,928
Special assessments	5,420	6,324	10,259	6,272	6,247	6,170	5,245	5,431	5,464	6,014
Use of money and property	13,017	11,255	10,587	10,915	14,324	22,587	27,970	18,620	11,173	10,173
Miscellaneous	4,816	5,042	7,133	9,996	8,502	6,164	12,796	7,596	7,082	16,605
Total revenues	\$ 187,071	\$ 194,103	\$ 207,283	\$ 239,501	\$ 284,876	\$ 301,662	\$ 351,797	\$ 333,522	\$ 285,505	\$ 300,497
<b>Expenditures:</b>										
General government	\$ 27,748	\$ 22,031	\$ 25,108	\$ 21,800	\$ 25,193	\$ 39,093	\$ 26,177	\$ 25,995	\$ 23,835	\$ 26,090
Public safety	91,245	96,487	107,386	117,267	126,007	139,739	151,773	145,802	138,594	140,994
Highways and streets	10,551	12,034	11,990	11,695	11,281	19,722	25,209	18,452	14,987	14,587
Culture and recreation	23,835	27,579	24,836	28,939	31,017	31,039	30,622	26,859	40,373	44,345
Capital outlay	41,058	39,098	50,333	64,127	121,978	149,325	171,952	180,394	131,908	105,689
Debt Service:										
Principal	6,174	4,470	2,422	8,599	9,733	12,045	11,257	44,349	48,078	89,264
Interest	7,785	7,785	9,945	15,025	19,205	21,330	31,239	33,033	31,267	32,611
Debt issuance costs	-	-	950	1,538	-	2,551	697	259	231	174
Total expenditures	\$ 208,396	\$ 209,484	\$ 232,970	\$ 268,990	\$ 344,414	\$ 414,844	\$ 448,926	\$ 475,143	\$ 429,273	\$ 453,754
Excess of revenues over (under) expenditures	\$ (21,325)	\$ (15,381)	\$ (25,687)	\$ (29,489)	\$ (59,538)	\$ (113,182)	\$ (97,129)	\$ (141,621)	\$ (143,768)	\$ (153,257)

(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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other financing sources (uses):</b>										
Transfers in	\$ 31,305	\$ 36,202	\$ 41,440	\$ 49,944	\$ 59,545	\$ 84,306	\$ 62,841	\$ 100,797	\$ 88,303	\$ 214,631
Transfers out	(13,248)	(17,984)	(31,338)	(35,026)	(33,969)	(53,135)	(30,515)	(58,710)	(48,150)	(180,280)
Sales of general capital assets	153	1,314	(675)	6,230	1,281	541	8,931	(5,798)	529	(1,629)
Advances from other funds	-	81	-	-	-	-	-	-	-	-
Long-term obligation proceeds	8,454	750	247,594	85,578	20,969	295,190	164,408	30,425	52,360	104,875
Capital lease proceeds	-	-	-	-	-	-	-	-	3,116	2,000
Premiums (discounts) on bonds issued	-	-	-	113	-	4,455	-	-	(539)	-
Payments to refunded bond agent	-	-	(58,657)	(9,167)	-	-	(148,975)	-	-	-
Total other financing sources (uses)	26,664	20,363	198,364	97,672	47,826	331,357	56,690	36,514	95,619	139,597
Special item - pension contribution	-	-	(88,300)	(32,141)	-	-	-	-	-	-
Net change in fund balances	\$ 5,339	\$ 4,982	\$ 84,377	\$ 36,042	\$ (11,712)	\$ 218,175	\$ (40,439)	\$ (74,907)	\$ (48,149)	\$ (13,660)
Debt service as a percentage of noncapital expenditures	7.823% (1)	6.545%	7.173%	15.301% (2)	13.777%	14.011%	17.225% (3)	26.145% (4)	23.278%	35.114% (5)

(1) Debt service decreased upon the retirement of the 1977 Civic Center Authority Bonds.

(2) Increase in debt service related to the issuance of the 2003 and 2004 Redevelopment Agency Tax Allocation Bonds.

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

(4) 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 and 2011.

(5) 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.

**Table 5**  
**City of Riverside**  
**Business-Type Activities Electricity Revenue 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>
2002	\$ 64,625	\$ 46,265	\$ 49,487	\$ 46,505	\$ 7,447	\$ -	\$ 1,777	\$ 216,106
2003	68,649	48,974	52,380	17,806	5,619	8,661	2,230	204,319
2004	80,872	57,079	56,117	9,581	6,354	20,917	2,182	233,102
2005	79,786	59,998	59,157	15,249	6,337	20,213	12,697	253,437
2006	85,243	53,773	71,084	11,952	7,139	20,043	9,183	258,417
2007	94,426	55,421	83,698	9,913	5,713	20,097	9,536	278,804
2008	99,981	60,768	92,697	14,805	5,425	19,211	12,405	305,292
2009	105,525	65,532	97,100	4,674	5,684	18,673	12,250	309,438
2010	107,301	65,091	97,458	1,466	5,639	21,100	11,855	309,910
2011	107,792	64,039	102,067	124	5,529	22,091	12,061	313,703

The City started receiving Transmission Revenue in 2003.

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

**(in thousands)**

<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>Property Tax</b>	<b>Utility Users Tax</b>	<b>Franchise Tax</b>	<b>Other Tax</b>	<b>Total Taxes</b>
2002	\$ 38,467	\$ 29,471	\$ 18,510	\$ 4,070	\$ 2,777	\$ 93,295
2003	41,691	33,584	19,928	3,811	2,967	101,981
2004	46,624	35,911	21,362	4,261	3,213	111,371
2005	53,348	61,553	22,133	4,481	1,795	143,310
2006	57,522	80,934	23,502	4,813	4,372	171,143
2007	55,666	106,114	25,384	5,031	3,581	195,776
2008	50,526	114,176	26,267	4,972	3,795	199,736
2009	41,882	116,420	25,964	5,144	2,912	192,322
2010	39,645	104,087	25,975	4,477	2,488	176,672
2011	44,157	100,802	26,691	4,937	2,731	179,318

**Table 7**  
**City of Riverside**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

(in thousands)

Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
2002	12,103,179	799,323	(2,129,115)	10,773,387	1,240,768	205,181	(16,263)	1,429,686	0.267
2003	13,071,416	980,529	(2,406,961)	11,644,984	1,390,108	276,506	(27,690)	1,638,924	0.268
2004	14,188,658	845,858	(2,526,503)	12,508,013	1,508,478	228,775	(30,286)	1,706,967	0.264
2005	15,540,982	951,211	(2,751,844)	13,740,349	1,775,655	158,148	(33,654)	1,900,149	0.266
2006	17,557,341	1,058,995	(4,002,177)	14,614,159	2,914,600	210,025	(51,992)	3,072,633	0.309
2007	20,672,126	1,140,891	(5,417,388)	16,395,629	4,145,700	410,625	(93,261)	4,463,064	0.304
2008	23,618,776	1,291,972	(6,960,666)	17,950,082	5,509,441	553,124	(138,490)	5,924,075	0.334
2009	24,428,633	1,330,053	(7,515,667)	18,243,019	5,998,768	581,943	(224,025)	6,356,686	0.343
2010	22,644,262	1,299,353	(7,103,040)	16,840,575	5,598,484	564,825	(266,257)	5,897,052	0.349
2011	22,056,793	1,260,923	(6,920,720)	16,396,996	5,396,219	544,906	(268,323)	5,672,802	0.347

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.

Source: Riverside County Auditor-Controller

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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>	0.151	0.250	0.210	0.234	0.220	0.155	0.185	0.291	0.326	0.334
City of Riverside Debt Service	-	-	-	0.011	0.009	0.008	0.006	0.007	0.006	0.006
Eastern Municipal Water Improvement District	0.024	0.024	0.022	0.023	0.010	0.009	0.008	-	-	-
Metropolitan Water District Original Area	0.008	0.007	0.006	0.006	0.005	0.005	0.005	0.004	0.004	0.004
Riverside City Community College Debt Service	-	-	-	0.018	0.018	0.018	0.013	0.013	0.012	0.015
Rubidoux Community Service Debt Service	0.004	0.004	0.003	0.003	-	-	-	-	-	-
<b>Total Direct &amp; Overlapping<sup>3</sup> Tax Rates</b>	<b>1.187</b>	<b>1.285</b>	<b>1.241</b>	<b>1.295</b>	<b>1.262</b>	<b>1.195</b>	<b>1.217</b>	<b>1.315</b>	<b>1.348</b>	<b>1.359</b>
<b>City's Share of 1% Levy Per Prop 13<sup>4</sup></b>	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145
<b>General Obligation Debt Rate</b>	-	-	-	0.011	0.009	0.009	0.006	0.007	0.006	0.006
<b>Redevelopment Rate<sup>5</sup></b>	1.008	1.007	1.006	1.006	1.005	1.005	1.005	1.004	1.004	1.004
<b>Total Direct Rate<sup>6</sup></b>	0.267	0.268	0.264	0.266	0.309	0.304	0.334	0.343	0.349	0.347

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

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

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

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

<sup>5</sup> RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

<sup>6</sup> Total Direct Rate is the weighted average of all individual direct rates.

Source: Riverside County Assessor 2001/02 - 2010/11 Tax Rate Table.

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

(in thousands)

Property Owner	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Tyler Mall	\$ 185,497	1	0.8%			
La Sierra University	122,345	2	0.5%			
Riverside Healthcare System	105,573	3	0.5%	87,571	3	0.7%
State Street Bank & Trust Co of Calif	87,419	4	0.4%	91,163	2	0.7%
Fountains South Bay, LLC	81,594	5	0.4%			
MEF Realty	78,406	6	0.4%			
Rohr Inc	76,435	7	0.3%	75,982	4	0.6%
Mission Grove Plaza, LP	75,147	8	0.3%			
Press Enterprise Co	74,222	9	0.3%	42,140	10	0.4%
Canyon Springs Marketplace Corp	68,969	10	0.3%			
Charter Communication				52,215	6	0.4%
Metal Container Corp				48,464	7	0.4%
Ohio Teacher Retirement				140,395	1	1.1%
Toro Company				47,629	8	0.4%
Lyon Corona Pointe				53,667	5	0.4%
Mission Grove Park Apartments				45,819	9	0.4%
Totals	<u>\$ 955,607</u>		<u>4.3%</u>	<u>685,045</u>		<u>5.5%</u>

Notes:

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

Source: Riverside County Assessor 2010/11 and 2001/02 Combined Tax Rolls

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

(in thousands)

Fiscal Year Ended June 30	Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 25,809	25,479	98.72%	250	25,729	99.69%
2004	31,829	31,429	98.74%	292	31,721	99.66%
2005	36,825	36,332	98.66%	346	36,678	99.60%
2006	52,532	51,815	98.64%	494	52,309	99.58%
2007	69,246	67,046	96.82%	1,850	68,896	99.49%
2008	83,996	82,345	98.03%	810	83,155	99.00%
2009	86,251	84,134	97.55%	1,117	85,251	98.84%
2010	77,228	74,491	96.46%	1,015	75,506	97.77%
2011	74,608	72,327	96.94%	-	72,327	96.94%

Note:

The table reflects amounts related to the City and the Redevelopment Agency. 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.

Source: Riverside County Auditor Controller's Office and City Finance Division

*The City of Riverside has elected to show nine years of data for this schedule.*

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

(in millions of kilowatt-hours)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Type of Customer:</b>										
Residential	600.0	618.0	707.0	675.0	696.0	748.0	734.0	733.0	701.0	666.0
Commercial	434.0	451.0	522.0	530.0	474.0	456.0	441.0	433.0	406.0	400.0
Industrial	629.0	658.0	687.0	707.0	810.0	924.0	960.0	946.0	906.0	912.0
Wholesale sales	541.0	378.0	354.0	470.0	287.0	295.0	357.0	137.0	44.0	7.0
Other	53.0	49.0	52.0	50.0	58.0	39.0	34.0	33.0	32.0	31.0
<b>Total</b>	<b>2,257.0</b>	<b>2,154.0</b>	<b>2,322.0</b>	<b>2,432.0</b>	<b>2,325.0</b>	<b>2,462.0</b>	<b>2,526.0</b>	<b>2,282.0</b>	<b>2,089.0</b>	<b>2,016.0</b>
<b>Total direct rate</b>										
Monthly Base Rate <sup>1</sup>	3.06	3.18	3.28	3.36	3.36	5.00	11.35	13.06	18.06	18.06
Rate per 250 KWH <sup>1</sup>	20.18	20.98	21.65	22.20	22.20	22.20	25.88	25.88	25.88	25.88

<sup>1</sup> Rates are based on a monthly base rate plus energy charge for the first 250 KWH.  
The Utility charges an excess use rate over 250 KWH.

Source: Riverside Public Utilities, Finance Services

**Table 12**  
**City of Riverside**  
**Electricity Rates**  
**Last Ten Fiscal Years**  
**(Average Rate in Dollars per Kilowatt-Hour)**

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<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>2002</b>	0.10768	0.10615	0.07844	0.11206
<b>2003</b>	0.10990	0.10779	0.07901	0.11869
<b>2004</b>	0.11439	0.10936	0.08167	0.12271
<b>2005</b>	0.11813	0.11321	0.08369	0.12768
<b>2006</b>	0.12222	0.11330	0.08798	0.12373
<b>2007</b>	0.12621	0.12164	0.09059	0.14493
<b>2008</b>	0.13613	0.13781	0.09658	0.16099
<b>2009</b>	0.14389	0.15122	0.10271	0.17169
<b>2010</b>	0.15307	0.16014	0.10756	0.17876
<b>2011</b>	0.16173	0.16001	0.11194	0.18089

**NOTE:**

Rates are based on a monthly base rate plus an energy charge for the first 250 KWH. The Utility charges an excess use rate over 250 KWH.

Source: Riverside Public Utilities, Finance Services

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

Electricity Customer	2011		2002	
	Electricity Charges	Percent of Total Electric Revenues	Electricity Charges	Percent of Total Electric Revenues
Local University	\$9,446,847	3.38%	N/A	N/A
Local Government	7,676,133	2.75%	N/A	N/A
Local Government	6,597,628	2.36%	N/A	N/A
Local School District	4,139,323	1.48%	N/A	N/A
Corporation	3,634,707	1.30%	N/A	N/A
Corporation	2,605,188	0.93%	N/A	N/A
Hospital	2,181,356	0.78%	N/A	N/A
Shopping Mall	2,051,562	0.73%	N/A	N/A
Corporation	1,966,308	0.70%	N/A	N/A
Local School District	1,925,538	0.69%	N/A	N/A
	<u>\$42,224,590</u>	<u>15.10%</u>	<u>N/A</u>	<u>N/A</u>

Retail Sales Per Financial Statements      \$279,427,397

N/A - not available

Source: Riverside Public Utilities, Finance Services

**Table 14**  
**City of Riverside**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

(in thousands)

Fiscal Year	Governmental Activities							
	General Obligation Bonds	Redevelopment Bonds	Revenue Bonds	Assessment Bonds	Pension Obligation Bonds	Certificates of Participation	Capital Leases	Notes/Loans Payable
2002	-	111,880	525	135	-	5,150	6,430	11,096
2003	-	109,615	-	-	-	4,650	5,517	11,447
2004	20,285	131,590	-	-	89,540	58,706	8,938	11,057
2005	20,280	144,024	-	-	148,280	57,336	7,431	10,645
2006	19,858	140,195	-	-	146,470	55,571	6,008	10,215
2007	19,331	296,598	-	-	144,450	192,874	4,929	9,759
2008	18,774	292,244	-	-	142,170	200,273	9,391	9,040
2009	18,171	285,743	-	-	139,410	198,268	7,455	8,749
2010	17,533	278,867	-	-	136,050	211,212	6,303	9,291
2011	16,845	305,195	-	-	132,095	207,246	6,670	8,849

Fiscal Year	Business-Type Activities			Total Primary Government	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
	Revenue Bonds	Notes/Loans Payable	Capital Leases			
2002	355,621	6,966	571	498,374	10.51%	1.90
2003	342,559	11,524	498	485,810	9.89%	1.79
2004	440,970	11,066	439	772,591	15.02%	2.79
2005	419,581	10,459	392	818,428	14.98%	2.91
2006	509,577	9,841	317	898,052	15.47%	3.13
2007	482,929	9,211	253	1,160,334	18.67%	4.01
2008	720,749	8,569	211	1,401,421	21.51%	4.80
2009	670,512	7,915	2,574	1,342,931	20.15%	4.54
2010	968,393	7,249	2,151	1,637,049	24.83%	5.44
2011	1,071,554	76,747	1,720	1,826,921	27.58%	6.01

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

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

**Table 15**  
**City of Riverside**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

(in thousands, except per capita amount)

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Pension Bonds</b>	<b>Certificates of Participation</b>	<b>Tax Allocation Bonds <sup>1</sup></b>	<b>Total</b>	<b>Percent of Assessed Value <sup>2</sup></b>	<b>Per Capita <sup>3</sup></b>
2002	-	-	5,150	111,880	117,030	1.09%	446
2003	-	-	4,650	109,615	114,265	0.98%	422
2004	20,285	89,540	58,706	131,590	300,121	2.40%	1,083
2005	20,280	148,280	57,336	144,024	369,920	2.69%	1,316
2006	19,858	146,470	55,571	140,195	362,094	2.48%	1,264
2007	19,331	144,450	192,874	296,598	653,253	3.98%	2,260
2008	18,774	142,170	200,273	292,244	653,461	3.64%	2,239
2009	18,171	139,410	198,268	285,743	641,592	3.52%	2,167
2010	17,533	136,050	211,212	278,867	643,662	3.82%	2,140
2011	16,845	132,095	207,246	305,195	661,381	4.03%	2,175

Notes:

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

<sup>1</sup> Amount presented is net of restricted resources held for the repayment of outstanding debt principal.

<sup>2</sup> Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

<sup>3</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 Division.

**Table 16**  
**City of Riverside**  
**Direct and Overlapping Debt**  
**As of June 30, 2011**

(in thousands) Page 1 of 2

Total City Assessed Valuation	\$ 22,069,798
Less Redevelopment Agency Incremental Valuation	<u>5,672,802</u>
Adjusted Assessed Valuation	<u><u>\$ 16,396,996</u></u>

	<b>Percentage Applicable <sup>2</sup></b>	<b>Outstanding Debt 06/30/2011</b>	<b>Estimated Share of Overlapping Debt</b>
Overlapping Tax and Assessment Debt:			
Metropolitan Water District	0.931%	\$ 2,120	\$ 20
Riverside City Community College District	28.871%	68,344	19,732
Alvord Unified School District	62.592%	131,584	82,361
Riverside Unified School District	84.087%	130,032	109,340
Corona-Norco Unified School District	0.002%	5	-
Jurupa Unified School District	0.003%	2	-
Moreno Valley Unified School District	6.164%	2,722	168
Alvord Unified School District Community District No.2006-1	68.691%	5,852	4,020
Riverside Unified School District Community Facilities Districts	88.730-100%	94,691	84,019
City of Riverside Community Facilities Districts	100%	15,222	15,222
City of Riverside 1915 Act Bonds	100%	<u>32,105</u>	<u>32,105</u>
Total Overlapping Tax and Assessment Debt:		<u>\$ 482,679</u>	<u>\$ 346,987</u>

(continued)

**Table 16**  
**City of Riverside**  
**Direct and Overlapping Debt**  
**As of June 30, 2011**

(in thousands) Page 2 of 2

Overlapping Other Debt:			
Riverside County General Fund Obligations	11.370%	\$ 80,811	\$ 9,188
Riverside County Pension Obligations	11.370%	41,722	4,744
Riverside County Board of Education Certificates of Participation	11.370%	702	80
Alvord Unified School District Certificates of Participation	62.592%	1,269	794
Corona-Norco Unified School District Certificates of Participation	0.002%	1	-
Jurupa Unified School District Certificates of Participation	0.003%	-	-
Moreno Valley Unified School District Certificates of Participation	6.164%	1,261	78
Riverside Unified School District General Fund Obligations	84.047%	12,453	10,466
Total Overlapping Other Debt		<u>138,219</u>	<u>25,350</u>
Total Net Overlapping Debt		<u>\$ 620,898</u>	372,337
City Direct Debt			<u>360,152</u>
Total Direct and Overlapping Debt			<u>\$ 732,489</u> (1)

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

(2) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

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: HdL Coren & Cone

**Table 17**  
**City of Riverside**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	(in thousands)									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed valuation	\$10,773,387	\$11,644,984	\$12,508,013	\$13,740,349	\$14,614,159	\$16,395,629	\$17,950,082	18,243,019	16,840,575	16,396,996
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,693,347	2,911,246	3,127,003	3,435,087	3,653,540	4,098,907	4,487,521	4,560,755	4,210,144	4,099,249
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	404,002	436,687	469,050	515,263	548,031	614,836	673,128	684,113	631,522	614,887
Total net debt applicable to limit:	-	-	20,285	20,280	19,858	19,331	18,774	18,171	17,533	16,845
Legal debt margin	404,002	436,687	448,765	494,983	528,173	595,505	654,354	665,942	613,989	598,042
Total net debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	4.3%	3.9%	3.6%	3.1%	2.8%	2.7%	2.8%	2.7%

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 6 and Notes to Financial Statements.

**Table 18**  
**City of Riverside**  
**Pledged-Revenue Coverage**  
**Governmental Activity Debt**  
**Last Ten Fiscal Years** (in thousands)

Fiscal Year	Tax Allocation Bonds			
	Debt Service			
	Pledged Revenue <sup>1</sup>	Principal	Interest	Coverage
2002	14,859	2,745	7,252	1.49
2003	16,180	2,694	7,371	1.61
2004	17,410	1,873	9,599	1.52
2005	21,242	4,507	6,307	1.96
2006	35,268	4,390	7,236	3.03
2007	35,966	3,185	7,663	3.32
2008	50,911	3,305	12,988	3.12
2009	50,270	5,360	12,856	2.76
2010	48,843	5,675	13,316	2.57
2011	46,162	5,915	12,228	2.54

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

<sup>1</sup> Amount has been calculated in accordance with the provisions set forth in the debt covenants.

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

(in thousands)

Fiscal Year	Electric Revenue Bonds						Water Revenue Bonds					
	Pledged Revenue <sup>1</sup>	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage	Pledged Revenue <sup>1</sup>	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2002	\$ 229,529	\$ 190,426	\$ 39,103	\$ 7,385	\$ 9,841	2.27	\$ 43,215	\$ 19,244	\$ 23,971	\$ 3,215	\$ 2,941	3.89
2003	211,553	157,450	54,103	7,840	10,966	2.88	36,837	19,928	16,909	3,895	2,720	2.56
2004	239,842	168,162	71,680	10,780	10,183	3.42	47,093	23,767	23,326	4,010	2,622	3.52
2005	262,350	164,159	98,191	14,555	12,143	3.68	45,348	26,436	18,912	4,045	2,591	2.85
2006	265,086	184,421	80,665	15,015	15,245	2.67	66,226	27,028	39,198	3,875	3,790	5.11
2007	289,784	187,700	102,084	18,815	14,200	3.09	55,699	29,461	26,238	4,300	3,454	3.38
2008	314,733	219,680	95,053	19,460	16,790	2.62	67,312	33,827	33,485	4,355	4,275	3.88
2009	320,447	202,904	117,543	20,572	24,941	2.58	60,886	35,639	25,247	4,473	6,728	2.25
2010	320,560	199,040	121,520	21,574	22,572	2.75	61,985	35,953	26,032	4,533	8,008	2.08
2011	319,177	212,878	106,299	23,029	25,087	2.21	84,328	35,220	49,108	4,799	9,263	3.49

Fiscal Year	Sewer Revenue Bonds <sup>2</sup>					
	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

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.

<sup>2</sup> \$240,910 of Sewer Revenue Bonds were issued August 6, 2009

**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>
2001	262,164	4,741,313	18,085	5.5
2002	270,805	4,914,404	18,147	6.5
2003	277,177	5,145,118	18,563	6.6
2004	281,192	5,462,823	19,427	6.1
2005	286,572	5,806,339	20,261	5.4
2006	289,045	6,214,628	21,501	5.1
2007	291,814	6,514,489	22,324	6.1
2008	296,038	6,665,142	22,514	8.6
2009	300,769	6,592,294	21,918	13.7
2010	304,051	6,623,143	21,783	14.8

Sources:

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

<sup>2</sup> Demographic Estimates for 2001-2009 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 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	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
County of Riverside	10,137	1	6.5%	N/A	N/A	N/A
University of California	5,390	2	3.5%	N/A	N/A	N/A
Riverside Unified School District	4,867	3	3.1%	N/A	N/A	N/A
Kaiser	4,000	4	2.6%	N/A	N/A	N/A
City of Riverside	2,647	5	1.7%	N/A	N/A	N/A
Riverside Community Hospital	2,200	6	1.4%	N/A	N/A	N/A
Riverside Community College District	1,864	7	1.2%	N/A	N/A	N/A
Riverside County Office of Education	1,710	8	1.1%	N/A	N/A	N/A
Alvord Unified School District	1,689	9	1.1%	N/A	N/A	N/A
Parkview Community Hospital	1,350	10	0.9%	N/A	N/A	N/A
Total	<u>35,854</u>		<u>23.1%</u>	<u>N/A</u>		<u>N/A</u>

N/A - not available

Source: City of Riverside, Development Department

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

<b>Function</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
General government	313.29	314.39	318.36	331.88	377.15	412.22	436.35	439.10	433.40	431.40
Public safety										
Police <sup>1</sup>	560.65	569.65	567.83	568.83	589.33	618.33	637.33	591.93	589.93	589.93
Fire	217.65	218.65	219.65	221.11	221.73	251.73	254.21	254.21	255.46	255.46
Firefighters and Police Officers	552.00	561.00	557.00	557.46	566.46	620.46	632.46	633.46	632.46	632.46
Highways and streets	266.10	280.10	285.10	281.35	262.35	286.35	318.35	369.65	349.50	348.11
Sanitation	44.49	44.49	48.49	48.49	59.49	60.29	64.29	58.60	59.00	56.00
Culture and recreation	282.93	301.97	302.92	300.92	311.45	324.26	339.52	340.71	328.07	328.07
Airport	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	9.50
Water	123.00	123.00	130.00	130.00	133.00	142.00	167.00	167.00	177.65	180.15
Electric	282.60	291.60	295.60	305.60	337.60	351.35	404.60	408.10	419.45	448.50
<b>Total</b>	<b>2,096.71</b>	<b>2,149.85</b>	<b>2,173.95</b>	<b>2,194.18</b>	<b>2,298.10</b>	<b>2,453.53</b>	<b>2,628.65</b>	<b>2,636.30</b>	<b>2,619.46</b>	<b>2,647.12</b>

<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).

Source: City of Riverside, Finance Division

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Arrests	10,047	10,541	11,951	11,280	10,093	9,827	9,367	10,150	8,690	8,118
Fire										
Number of calls answered	24,115	24,886	25,876	26,505	26,696	27,458	27,429	26,397	26,484	27,322
Inspections	N/A	14,229	16,306	17,028	19,261	7,261	10,812	7,638	7,234	6,505
Public works:										
Street resurfacing (miles)	104.04	67.39	62.37	102.45	51.26	73.40	26.27	18.90	20.00	21.25
Parks and recreation										
Number of recreation classes	14,619	14,787	15,135	15,195	16,272	19,079	22,146	21,884	27,762	37,303
Number of facility rentals	26,533	26,854	27,014	27,074	27,483	32,980	35,076	36,822	34,565	42,638
Water										
Number of accounts	60,059	60,625	61,668	62,492	62,985	63,431	63,494	64,062	64,231	64,349
Annual consumption (ccf)	30,682,171	29,283,851	30,596,320	27,875,253	28,865,030	32,110,208	30,583,266	29,721,236	26,687,271	25,902,439
Electric										
Number of accounts	97,793	99,018	100,766	103,463	104,294	105,226	106,015	106,385	106,335	106,855
Annual consumption (kwh)	2,257	2,154	2,322	2,432	2,359	2,462	2,526	2,282	2,089	2,016
Sewer:										
New connections	5,267	5,825	7,034	9,621	16,717	15,423	16,412	18,765	16,971	17,746
Average daily sewage treatment (millions of gallons)	34.75	33.15	35.24	38.07	35.91	32.50	32.10	33.00	33.29	30.06

<sup>1</sup> Inspections were not tracked prior to 2003

<sup>2</sup> Amounts expressed in millions

N/A - not available

Source: City of Riverside, various departments

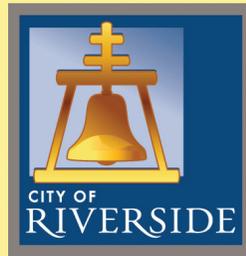
**Table 24**  
**City of Riverside**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2002	2003	2004	2005 (1)	2006	2007 (2)	2008	2009	2010	2011
Public Safety										
Police										
Stations	2	2	2	2	3	3	3	3	3	3
Substations	9	7	11	7	5	4	4	5	4	4
Helicopters	4	4	4	4	4	4	4	4	4	4
Fire										
Stations	13	13	13	13	13	14	14	14	14	14
Active apparatus	26	30	30	30	29	30	30	30	30	26
Reserve apparatus	5	6	5	5	6	6	6	7	7	9
Training facilities	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	816.34	819.00	829.00	836.00	845.35	852.04	864.68	866.89	867.96	868.39
Streetlights	28,058	28,246	28,401	28,581	28,847	29,028	29,312	29,675	29,757	29,868
Traffic signals	320	320	322	322	353	358	363	365	362	362
Culture and recreation										
Parks acreage	2,665.00	2,534.00	2,500.00	2,534.00	2,534.00	2,773.00	2,773.00	2,773.00	2,773.00	2,811.00
Community centers	10	10	10	11	11	11	11	11	11	10
Playgrounds	35	30	26	26	27	38	38	41	41	41
Swimming pools	9	6	6	7	6	7	7	7	7	7
Softball & baseball diamonds	36	34	34	35	33	44	44	44	44	49
Library branches	5	7	5	5	6	6	6	7	7	8
Museum exhibit-fixed	1	6	11	8	7	13	8	6	5	8
Museum exhibit-special	-	-	4	1	-	2	5	2	2	2
Water										
Fire hydrants	6,715	6,763	6,763	6,926	7,127	7,187	7,381	7,523	7,593	7,632
Sewer										
Sanitary sewers (miles)	735	745	755	765	775	785	794	794	820	823
Electric										
Miles of overhead distribution system	539.1	593.3	539.0	531.0	527.0	528.0	523.5	522.0	519.0	517.0
Miles of underground system	575.8	538.2	608.0	622.0	663.0	704.0	741.6	769.0	782.0	791.0

Source: City of Riverside, various departments

(1) During the 2004/05 fiscal year, four police substations closed.

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



*City of Arts & Innovation*

