

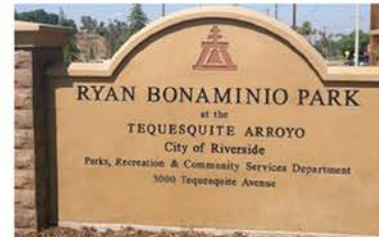


# Comprehensive Annual Financial Report

Year Ended June 30, 2013

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

*The City of Riverside, CA*



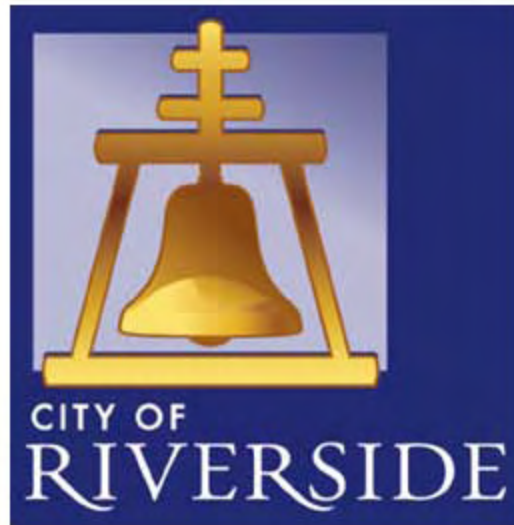
**CITY OF RIVERSIDE, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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**CITY OF RIVERSIDE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED JUNE 30, 2013**

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**CITY OF RIVERSIDE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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October 25, 2013

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, 2013.

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 unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2013. The independent auditor's report is presented as the first component of the financial section of this CAFR.

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

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



## Profile of the City of Riverside

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

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

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

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review at least thirty-five calendar days prior to the beginning of each fiscal year. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, which is the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 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 71.

**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 311,955, which places it as the sixth largest in Southern California.

Unemployment in the MSA is currently at 9.7% down from 13.7% for the same period last year with modest improvements in the real estate and home building sectors. The Citywide budget for the fiscal year 2013/2014 projects a 23% decrease in expenditures and is balanced. The decrease is attributable to capital projects.

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

**Goals and Vision:** Seizing Our Destiny is Riverside's community-driven campaign that builds on the city's existing strengths to create an even better place to live, work and play for future generations. The Seizing Our Destiny Campaign was developed by City officials and civic leaders and encompasses a 20-year strategic vision that mobilizes the skills and resources of a broad cross-section of Riverside toward one common goal – a better community for us all. The goal, or Vision, has four primary aspects for Riverside:

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

**Long-term financial planning.** Annually, the City updates a five (5) year Capital Improvement Program (CIP). Planned capital expenditures during fiscal years 2013/14 - 2017/18 total approximately \$448 million. The projects encompass all seven Council wards and enhance the life of all residents. Funding comes from multiple sources, including existing funds; bond proceeds, user fees, special tax revenues, and regional, state and federal funds. In addition to routine electric, water, sewer and transportation-related projects, the CIP includes improvements to Parks, Recreation and Community Services projects; railroad-related projects; and municipal buildings and facilities, such as library, police and fire facilities.

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

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Riverside for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the twenty-fifth consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.

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

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



members of the department who assisted and contributed to its preparation. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

Handwritten signature of Scott C. Barber in blue ink.

Scott C. Barber  
City Manager

Handwritten signature of Brent A. Mason in blue ink.

Brent A. Mason  
Finance Director/Treasurer



Government Finance Officers Association

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

Presented to

**City of Riverside  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

A handwritten signature in cursive script, reading "Jeffrey R. Emer".

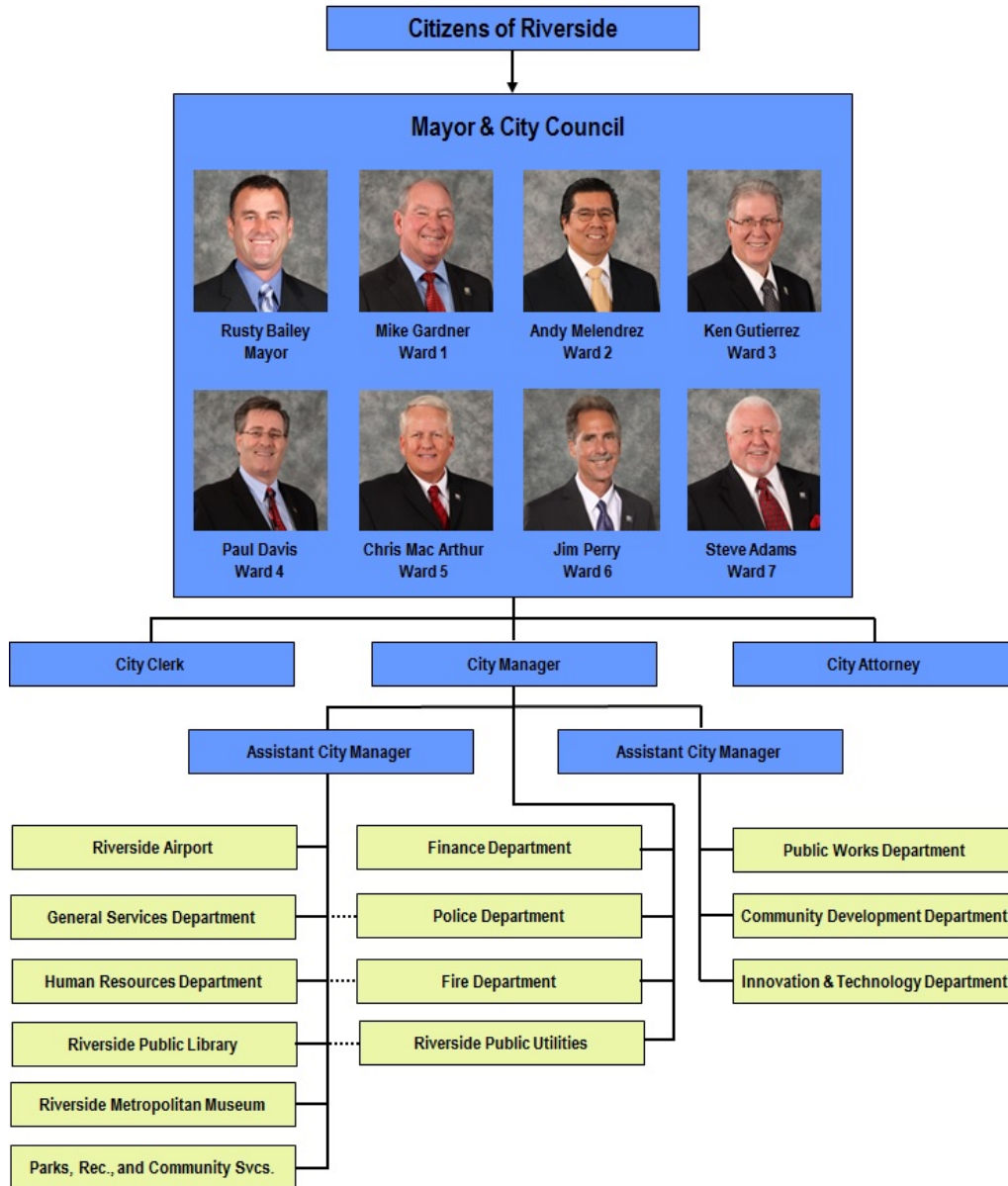
Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Riverside for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012.

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

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

**ORGANIZATION CHART**



**LEGISLATIVE OFFICIALS**

Rusty Bailey ..... Mayor  
 Mike Gardner ..... Councilmember – Ward 1  
 Andy Melendrez ..... Councilmember – Ward 2  
 Ken Gutierrez ..... Councilmember – Ward 3  
 Paul Davis ..... Councilmember – Ward 4  
 Chris Mac Arthur ..... Councilmember – Ward 5  
 Jim Perry ..... Councilmember – Ward 6  
 Steve Adams ..... Councilmember – Ward 7

**CITY OFFICIALS**

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

Mark S. Ripley ..... Airport Director  
 Colleen J. Nicol ..... City Clerk\*  
 Gregory P. Priamos ..... City Attorney\*  
 Sergio G. Diaz ..... Chief of Police  
 Lea Deesing ..... Chief Innovation Officer  
 Al Zelinka ..... Community Development Director  
 Brent A. Mason ..... Finance Director/Treasurer  
 Steve Earley ..... Fire Chief  
 Kris Martinez ..... General Services Director  
 Rhonda Strout ..... Human Resources Director  
 Tonya Kennon ..... Library Director  
 Sarah Mundy ..... Museum & Cultural Affairs Director  
 Ralph Nuñez ..... Parks, Recreation & Community Svcs. Director  
 Stephen H. Badgett ..... Interim General Manager - Public Utilities  
 Tom Boyd ..... Public Works Director/City Engineer

\*Appointed by City Council

## REPORT OF INDEPENDENT AUDITORS

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparison of the general fund and the aggregate remaining fund information of the City of Riverside, California (“the City”) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

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

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

### ***Auditor’s Responsibility***

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



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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the budgetary comparison of the general fund and the aggregate remaining fund information of the City of Riverside as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 19 to the financial statements, for the year ended, June 30, 2013, the City adopted new accounting guidance that reflects certain changes to the presentation and the reclassification of certain accounts due to the implementation of Governmental Accounting Standards Board Statements Nos. 63 and 65. Our opinions are not modified with respect to these matters.

As discussed in Notes 1, 17, and 18 to the financial statements, for the year ended, June 30, 2013, the City recognized extraordinary losses due to the accelerated decommissioning of the San Onofre Nuclear Generating Station of which the City owns a partial interest. Our opinions are not modified with respect to these matters.



***Other Matters***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

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

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

MOSS ADAMS<sub>LLP</sub>

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

In accordance with *Government Auditing Standards*, we issued our report dated October 25, 2013 on our consideration of the City of Riverside's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Riverside's internal control over financial reporting and compliance.

*Moss Adams LLP*

Los Angeles, California  
October 25, 2013



## 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, 2013. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on page i of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include the activities of the City and three blended component units, which consist of the Riverside Housing Authority, Riverside Public Financing Authority and the Riverside Municipal Improvements Corporation. Although

legally separate, these entities function for all practical purposes as departments of the City and therefore have been blended as part of the primary government. The Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) is included as a fiduciary component unit since it would be misleading to exclude the Successor Agency due to the nature and significance of the relationship between the City and the Successor Agency. The activity of the Successor Agency is reported with the City's fiduciary funds, which is not included in the government-wide statements since the resources of those funds are *not* available to support the City's own programs.

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

The government-wide financial statements can be found on pages 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 thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Outlay Fund, which are major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual

fund data for each of these non-major governmental funds is provided in the form of *combining statements* and can be found on pages 67-73 in this report.

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

The governmental fund financial statements can be found on pages 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 75-84 in this report.

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

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

The fiduciary fund financial statements can be found on pages 33-34 of this report, and the combining statement for the agency fund can be found on page 85.

**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 35 of this report.

## Government-wide Financial Analysis

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

	Governmental		Business type		Total	
	Activities		Activities			
	2013	2012 *	2013	2012 *	2013	2012 *
Current and other assets	\$ 368,905	\$ 390,196	\$ 814,367	\$ 864,492	\$ 1,183,272	\$ 1,254,688
Capital assets, net	1,318,614	1,271,805	1,454,228	1,413,797	2,772,842	2,685,602
Total assets	1,687,519	1,662,001	2,268,595	2,278,289	3,956,114	3,940,290
Deferred Outflows of Resources	19,763	28,901	40,453	59,604	60,216	88,505
Current liabilities	71,349	85,513	159,173	168,991	230,522	254,504
Long-term liabilities	452,721	419,434	1,130,283	1,161,998	1,583,004	1,581,432
Total liabilities	524,070	504,947	1,289,456	1,330,989	1,813,526	1,835,936
Deferred Inflows of Resources	1,026	-	10,000	-	11,026	-
Net position:						
Net investment in capital assets	1,083,485	1,076,485	609,691	666,919	1,693,176	1,743,404
Restricted	80,712	86,325	69,068	54,923	149,780	141,248
Unrestricted	17,989	23,145	330,833	285,062	348,822	308,207
Total net position	\$ 1,182,186	\$ 1,185,955	\$ 1,009,592	\$ 1,006,904	\$ 2,191,778	\$ 2,192,859

\* Certain reclassifications have been made to prior year balances to conform with the current year's presentation.

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,191,778 at June 30, 2013, a decrease of \$1,081 from June 30, 2012.

By far the largest portion of the City's net position (77 percent) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure), net of any related debt that is still outstanding used to acquire those assets and net of unspent bond proceeds and cash held in bond reserve accounts. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

An additional portion of the City's net position (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$330,833 is held by the business type activities and \$17,989 is held by the governmental activities.

The City's total net position decreased by \$1,081 during the current fiscal year, which reflects a decline in governmental activities of \$3,769 and growth of \$2,688 in business type activities. Governmental operating results is discussed on page 11 and business-type operating results is discussed on page 14.

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, 2013 with the prior fiscal year presented for comparative purposes. Also included in the following analysis are revenue and expense graphs to aid in understanding the results of the current year's activities.

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	Governmental		Business type		Total	
	Activities		Activities			
	2013	2012 *	2013	2012 *	2013	2012 *
Revenues:						
Program Revenues:						
Charge for services	\$ 42,193	\$ 43,653	\$ 487,540	\$ 462,249	\$ 529,733	\$ 505,902
Operating Grants and Contributions	21,485	31,581	2,718	2,738	24,203	34,319
Capital Grants and Contributions	32,202	54,476	11,734	21,164	43,936	75,640
General Revenues:						
Sales taxes	50,222	47,701	-	-	50,222	47,701
Property taxes	52,904	74,179	-	-	52,904	74,179
Other taxes and fees	37,205	35,549	-	-	37,205	35,549
Investment income	2,786	4,440	4,744	11,405	7,530	15,845
Other	9,208	9,273	5,767	3,110	14,975	12,383
Total Revenues	<u>248,205</u>	<u>300,852</u>	<u>512,503</u>	<u>500,666</u>	<u>760,708</u>	<u>801,518</u>
Expenses:						
General government	54,808	48,731	-	-	54,808	48,731
Public safety	147,652	148,605	-	-	147,652	148,605
Highways and streets	35,072	35,342	-	-	35,072	35,342
Culture and recreation	40,077	54,594	-	-	40,077	54,594
Interest on long-term debt	16,627	25,087	-	-	16,627	25,087
Electric	-	-	292,175	288,799	292,175	288,799
Water	-	-	58,768	56,715	58,768	56,715
Sewer	-	-	43,945	43,702	43,945	43,702
Refuse	-	-	20,581	19,979	20,581	19,979
Airport	-	-	2,029	2,646	2,029	2,646
Transportation	-	-	3,745	3,667	3,745	3,667
Public parking	-	-	5,051	4,984	5,051	4,984
Total expenses	<u>294,236</u>	<u>312,359</u>	<u>426,294</u>	<u>420,492</u>	<u>720,530</u>	<u>732,851</u>
Increase (decrease)						
in net position before transfers and extraordinary items	(46,031)	(11,507)	86,209	80,174	40,178	68,667
Transfers, net	42,262	40,679	(42,262)	(40,679)	-	-
Extraordinary items:						
Transfer of assets and liabilities to Successor Agency	-	98,022	-	-	-	98,022
Transfer of assets from Successor Agency	-	56,522	-	-	-	56,522
Assumption of obligation	-	(4,927)	-	-	-	(4,927)
Power Plant Closure	-	-	(41,259)	-	(41,259)	-
Total changes in net position	<u>(3,769)</u>	<u>178,789</u>	<u>2,688</u>	<u>39,495</u>	<u>(1,081)</u>	<u>218,284</u>
Net position - beginning, as restated	<u>1,185,955</u>	<u>1,007,166</u>	<u>1,006,904</u>	<u>967,409</u>	<u>2,192,859</u>	<u>1,974,575</u>
Net position - ending	<u>\$ 1,182,186</u>	<u>\$ 1,185,955</u>	<u>\$ 1,009,592</u>	<u>\$ 1,006,904</u>	<u>\$ 2,191,778</u>	<u>\$ 2,192,859</u>

\* Certain reclassifications have been made to prior year amounts to conform with the current year's presentation.

**Governmental activities.** Net position for governmental activities decreased by \$3,769 accounting for 0.3 percent decrease in total net position. Governmental net position in the prior fiscal year increased by \$178,789. Key elements of this year's activity in relation to the prior year are as follows:

**Revenues:**

- While variances between years exist for the various revenue categories, the total net decrease was approximately \$53 million, which is largely attributable to a decrease in grants and property taxes. Overall grants and contributions declined by \$32 million or 38% and property tax revenue decreased by \$21 million or 29%. The decrease in grant related revenue was attributable to the completion of several grade separation projects. The decrease in property tax revenue relates to the dissolution of the Redevelopment Agency.

**Expenses:**

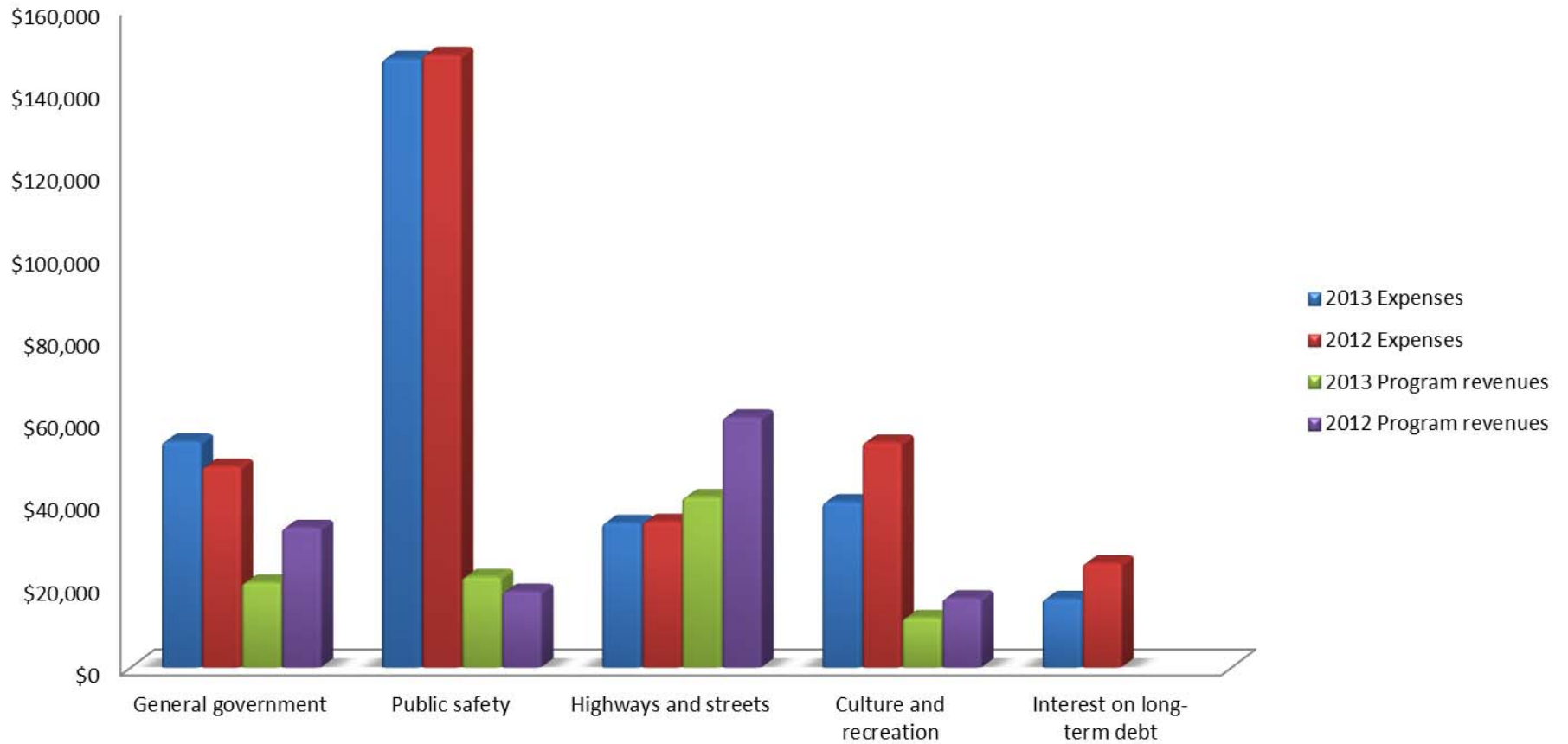
- While variances between years exist for the various expense functions, the total net decrease was approximately \$18 million or 6%. This primarily relates to a decrease in interest expense of approximately \$8.5 million, which primarily relates to the dissolution of the Redevelopment Agency in 2012. Interest expense associated with the Redevelopment Agency during the first 7 months of fiscal year 2011/12 amounted to \$7.7 million, which was included as part of governmental activities. However, the activity of the former Redevelopment Agency since dissolution (February 1, 2012) has been reported in the private purpose trust fund of the Successor Agency.

**Extraordinary items:**

- In the prior year, net position increased by \$149.6 million due to the dissolution of the Redevelopment Agency.

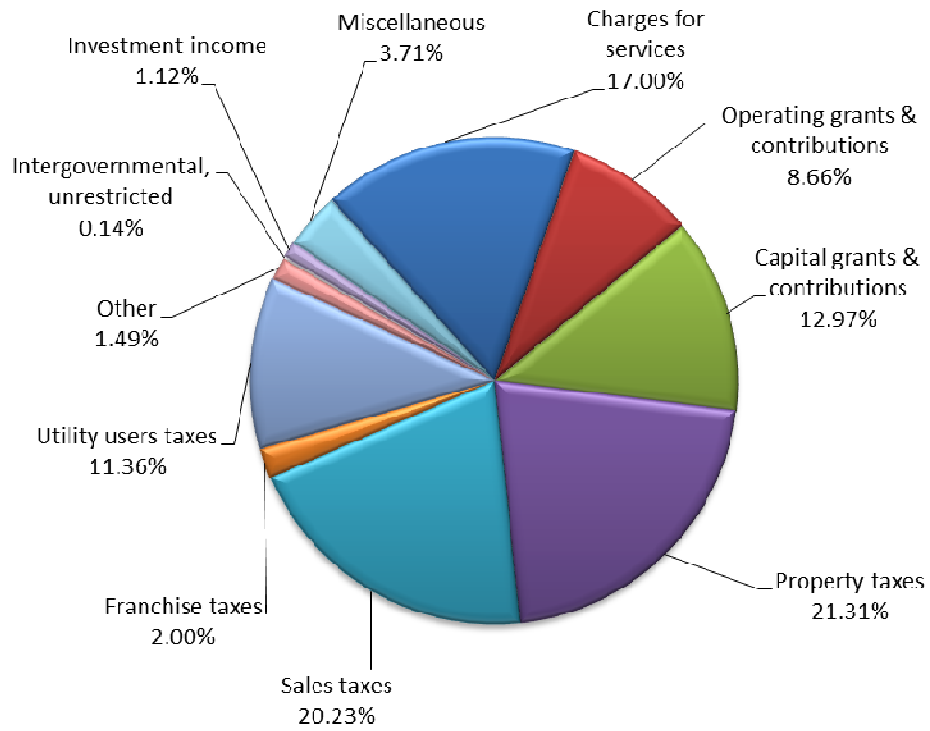


**Expenses and Programs Revenues – Governmental Activities – Fiscal Year Comparison 2013 vs. 2012**

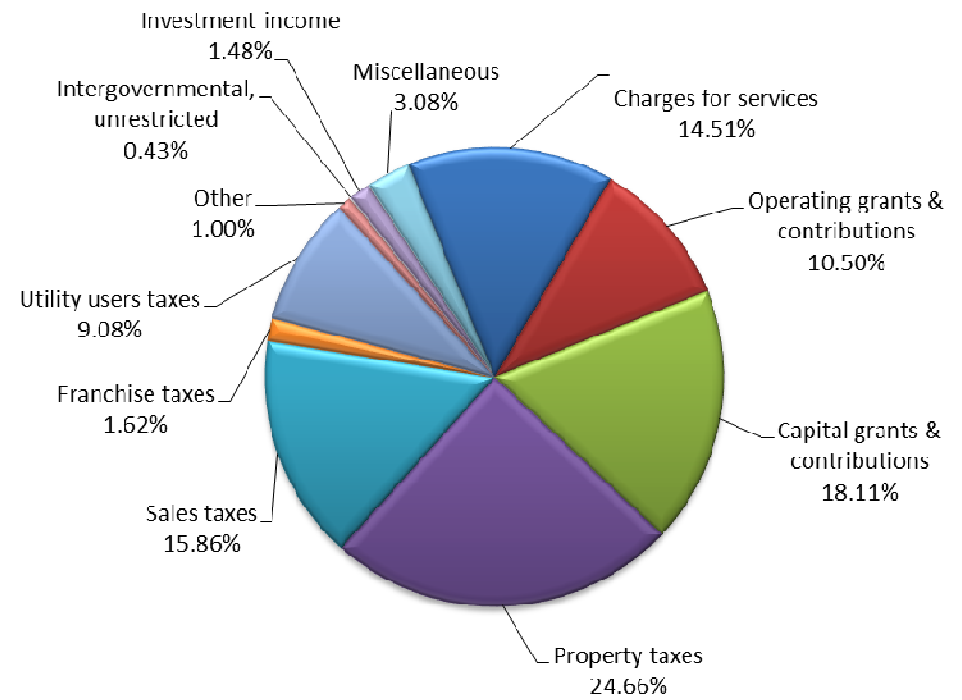


## Revenues by Source – Governmental Activities – Fiscal Year Comparison

**2013**



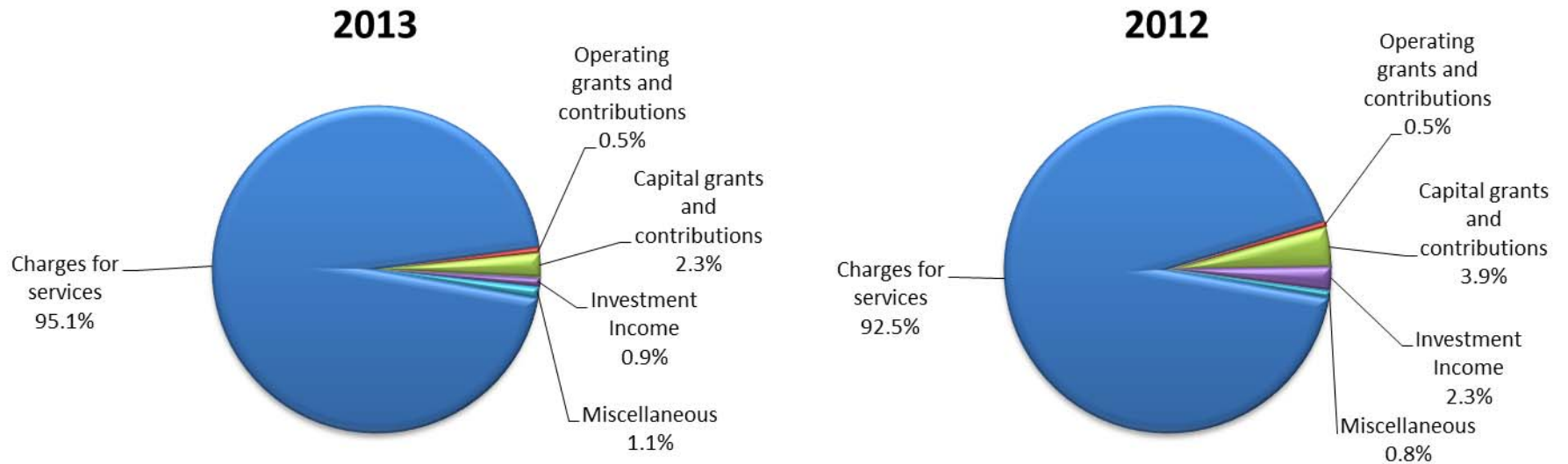
**2012**



**Business-type activities.** The net position of business type activities increased by \$2,688, accounting for a 0.3 percent increase in total net position. The net position of business type activities increased by \$39,495 in the prior year. Key elements of this year’s activity in relation to the prior year are as follows:

- In 2013, charges for services increased \$25,291 to \$487,540. The increase primarily related to increases in Electric, Sewer and Water revenues, which is explained in further detail as follows:
  - Electric charges for services increased by \$14,904 (4.5%). The increase was due to expanded customer base, a 3.7% increase in retail consumption and higher transmission revenues authorized by the Federal Energy Regulatory Commission.
  - Sewer charges for services increased by \$6,025 (16%). New rates and charges went into effect on July 1, 2012 for residential, commercial and industrial customers. Rates for basic single family and multi-family dwellings increased by 13%, which is the primary reason for the increase in Sewer charges for services.
- The increase in charges for services was primarily offset by the following:
  - Expenses increased by \$5,802 primarily due to a \$3.4 million increase in electric distribution and purchased power costs.
  - In 2013 there was an extraordinary loss of \$41,259 related to the closure of the San Onofre Nuclear Power Plant.

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



## Financial Analysis of the City's Funds

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

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

	General Fund		Capital Outlay		Other Governmental Funds		Total Governmental Funds	
	2013	2012 *	2013	2012 *	2013	2012 *	2013	2012 *
Total assets	\$114,204	\$123,992	\$42,321	\$45,302	\$120,689	\$121,028	\$277,214	\$290,322
Total liabilities	\$ 30,309	\$ 43,038	\$34,353	\$20,469	\$ 15,525	\$ 16,474	\$ 80,187	\$ 79,981
Deferred inflows of resources								
Unavailable revenue	6,804	6,704	6,536	6,479	34,371	32,902	47,711	46,085
Fund balances								
Nonspendable	26,421	25,720	-	-	1,441	1,539	27,862	27,259
Restricted	2,196	2,803	1,432	18,354	69,352	70,113	72,980	91,270
Assigned	10,711	6,380	-	-	-	-	10,711	6,380
Unassigned	37,763	39,347	-	-	-	-	37,763	39,347
Total fund balance	77,091	74,250	1,432	18,354	70,793	71,652	149,316	164,256
Total liabilities, deferred inflows and fund balances	\$114,204	\$123,992	\$42,321	\$45,302	\$120,689	\$121,028	\$277,214	\$290,322

\* Certain reclassifications have been made to prior year balances to conform with the current year's presentation.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$149,316 a decrease of \$14,940 in comparison with the prior year. Additionally, 19% of the fund balance (\$27,862) is *nonspendable*, which comprises the portion of fund balance that cannot be spent due to form. \$72,980 or 49% 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. \$10,711 or 7% 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, \$34,000 has been set aside for future economic contingencies, leaving \$3,763; at June 30, 2012 the comparable amount was \$6,347. The City's governmental funds reported combined total assets of \$274,789 at June 30, 2013, a decrease of \$15,533 in comparison with the prior year. Liabilities and deferred inflows of resources amounted to \$127,898, an increase of \$1,832. This primary reason for the decrease in total assets and related fund balances is due to expenditures related to capital projects in the Capital Outlay Fund.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled \$77,091 in comparison to \$74,250 in the prior year. The portion of fund balance classified as unassigned was \$37,763, most of which was set aside for future economic contingencies.

Fund balance for the Capital Outlay Fund decreased by (\$16,922). The primary reason for the decrease is due to capital outlays on projects that are expected to be funded with proceeds from future borrowings.

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

Unrestricted net position of the Electric, Water and Sewer Funds at the end of the year amounted to \$241,696, \$69,996, and \$18,651 respectively. The unrestricted net position for the Electric, Water and Sewer Funds in the prior year was \$219,198, \$61,859 and \$3,343, respectively. The increase in unrestricted net position for the Electric, Water and Sewer Funds is primarily a result of operating activities as described below.

The Electric Fund reported strong operating results, with retail revenues exceeding the previous all-time record, primarily from the effects of an expanded customer base and a 3.7% increase in retail consumption which was partially offset by a reduction in investment income. Retail sales (residential, commercial, industrial, and other sales) represent 83.9% of total revenues. Retail sales, net of reserve/recovery were \$300,238 and \$288,616 for years ended June 30, 2013 and 2012, respectively. Total expenses, excluding transfers, increased \$3.4 million (1.2%), which primarily relates to an increase in purchased power and distribution costs. The Electric Fund also recorded a \$41 million loss related to the closure of the San Onofre Nuclear Power Plant, which was reflected as an extraordinary item.

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 84% of total revenues. Retail sales, net of reserve/recovery were \$61,837 and \$59,620

for the years ended June 30, 2013 and 2012, respectively. The increase in sales was primarily due to a 4.1% increase in retail consumption as a result of warmer than normal weather patterns.

Net position of the Sewer Fund increased by \$2,173 and \$70 for the years ended June 30, 2013 and 2012, respectively. Operating revenues increased by \$6,025 or 16% primarily as a result of a rate increase, which was offset by a reduction in investment income and an increase in operating expenses.

### General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Total Revenues	<u>\$178,620</u>	<u>\$194,754</u>	<u>\$187,014</u>	<u>(\$7,740)</u>
Expenditures:				
General Government	10,507	17,596	11,841	5,755
Public Safety	134,710	149,699	145,545	4,154
Highways & Streets	18,952	20,472	16,294	4,178
Culture & Recreation	31,433	35,775	32,450	3,325
Capital Outlay	153	4,481	2,942	1,539
Debt Service	15,050	49,248	48,326	922
Total Expenditures	<u>210,805</u>	<u>277,271</u>	<u>257,398</u>	<u>19,873</u>
Deficiency of Revenue Under Expenditures	(32,185)	(82,517)	(70,384)	12,133
Other Financing Sources	<u>31,221</u>	<u>71,095</u>	<u>73,225</u>	<u>2,130</u>
Net Change in Fund Balances	<u>(964)</u>	<u>(11,422)</u>	<u>2,841</u>	<u>14,263</u>
Beginning Fund Balance	<u>74,250</u>	<u>74,250</u>	<u>74,250</u>	<u>-</u>
Ending Fund Balance	<u>\$73,286</u>	<u>\$62,828</u>	<u>\$77,091</u>	<u>\$14,263</u>

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

Actual amounts differed from the final fund budget as follows:

- Approximately \$7.8 million of grant revenue was budgeted but not actually received during the year since the related grant expenditures had not been incurred.
- Actual expenditures were less than budgeted amounts by approximately \$20 million. This is primarily associated with unspent appropriations for grants, capital projects and other special programs that were not completed during the year (which are carried over to the next fiscal year).

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for governmental and business type activities as of June 30, 2013 amounted to \$2,772,842 (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 \$87,240 (\$46,809 for governmental activities including internal service funds and \$40,431 for business type activities).

Major capital improvements during the current fiscal year included: new infrastructure, consisting primarily of street improvements of \$34 million; Sewer system improvements of \$45 million; Electric Utility upgrades of \$40 million and Water Utility upgrades of \$27 million.

Construction in progress totaled \$187,900 at June 30, 2013. Some of the major projects in process are various Sewer system improvements including phase 1 of the Water Quality Control Plant, the Convention Center Expansion Project, and the Riverside Transmission Reliability Project (RTRP) and related reliability improvements to the Riverside Public Utility's Sub-Transmission System. Depreciation expense during the fiscal year was \$40,276 for governmental activities and \$51,384 for business type activities.

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

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$325,215	\$322,060	\$42,636	\$34,924	\$367,851	\$356,984
Nuclear fuel	-	-	-	8,832	-	8,832
Intangibles	-	-	21,890	16,627	21,890	16,627
Buildings	130,051	123,128	158,428	143,678	288,479	266,806
Improvements other than Buildings	182,249	170,236	1,052,832	1,056,566	1,235,081	1,226,802
Machinery and equipment	19,612	20,064	29,057	26,227	48,669	46,291
Infrastructure	622,972	609,651	-	-	622,972	609,651
Construction in progress	38,515	26,666	149,385	126,943	187,900	153,609
Total	<u>\$1,318,614</u>	<u>\$1,271,805</u>	<u>\$1,454,228</u>	<u>\$1,413,797</u>	<u>\$2,772,842</u>	<u>\$2,685,602</u>

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



**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$1,583,004 which includes bonded debt of \$1,371,617.

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

	Governmental Activities		Business Type Activities		Total	
	2013	2012 *	2013	2012 *	2013	2012 *
Revenue Bonds	\$ -	\$ -	\$1,031,839	\$1,063,853	\$1,031,839	\$1,063,853
General Obligation Bonds	15,314	16,107	-	-	15,314	16,107
Pension Obligation Bonds	122,005	127,480	-	-	122,005	127,480
Certificates of Participation	158,697	207,278	-	-	158,697	207,278
Notes Payable	-	-	28,137	29,680	28,137	29,680
Loans Payable	28,652	4,000	42,661	44,141	71,313	48,141
Capital Leases	8,424	5,220	2,558	1,332	10,982	6,552
Lease Revenue Bonds	43,762	-	-	-	43,762	-
Landfill Capping	-	-	6,457	6,695	6,457	6,695
Arbitrage Liability	-	-	269	190	269	190
Compensated Absences	21,761	21,674	7,638	7,497	29,399	29,171
Judgment	10,000	-	-	-	10,000	-
Claims liability	31,569	27,542	-	-	31,569	27,542
Net OPEB Obligation	12,537	10,133	9,780	7,663	22,317	17,796
Water Acquisition Rights	-	-	944	947	944	947
<b>Total</b>	<u>\$452,721</u>	<u>\$419,434</u>	<u>\$1,130,283</u>	<u>\$1,161,998</u>	<u>\$1,583,004</u>	<u>\$1,581,432</u>

\* Certain reclassifications have been made to prior year balances to conform with the current year's presentation.

The City's total debt increased by \$1,572 or less than 1.0% during the current fiscal year. The net increase primarily resulted from the issuance of new debt, normal scheduled principal maturities, debt refundings, and an increase in claims and judgments payable.

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 \$615,589 at June 30, 2013, which applies only to general obligation debt. At June 30, 2013, the City had \$15,314 of general obligation debt, resulting in available legal debt capacity of \$600,275.

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

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

- Unemployment in the City of Riverside is 9.7% as compared to 13.7% for the prior year.
- The required employer contribution rates as a percentage of payroll for the City's retirement program will be changing effective July 1, 2013 as follows:
  - Miscellaneous Plan –18.277% to 18.314%.
  - Safety Plan – 25.091% to 26.894%.

At the time of budget preparation for fiscal year 2014, the economic outlook for the City was considered to be stable. The General Fund Budget for fiscal year 2014 of approximately \$223 million was adopted as balanced. It represents an increase from the prior year of approximately 1%, largely related to an increase in pension costs.

## **Request for information**

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

City of Riverside  
Statement of Net Position  
June 30, 2013  
(amounts expressed in thousands)

Assets	Governmental	Business-type	Total
	Activities	Activities	
Cash and investments	\$ 55,519	\$ 286,806	\$ 342,325
Receivables, net	108,522	72,084	180,606
Inventory	6,690	1,857	8,547
Prepaid items	1,493	21,042	22,535
Deposits	-	853	853
Derivative instruments	1,026	-	1,026
Internal balances	14,064	(14,064)	-
Restricted assets:			
Cash and cash equivalents	-	52,455	52,455
Cash and investments at fiscal agent	24,789	331,787	356,576
Other	-	1,050	1,050
Advances to Successor Agency	45,997	10,134	56,131
Land and improvements held for resale	4,709	-	4,709
Regulatory assets	-	27,788	27,788
Net pension asset	106,096	22,575	128,671
Land and other capital assets not being depreciated	363,730	213,513	577,243
Capital assets (net of accumulated depreciation)	954,884	1,240,715	2,195,599
Total assets	<u>1,687,519</u>	<u>2,268,595</u>	<u>3,956,114</u>
<b>Deferred Outflows of Resources</b>			
Deferred changes in derivative values	14,364	19,808	34,172
Deferred charge on refunding	5,399	20,645	26,044
Total deferred outflows of resources	<u>19,763</u>	<u>40,453</u>	<u>60,216</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	33,039	32,096	65,135
Accrued interest payable	3,415	12,402	15,817
Unearned revenue	4,695	2,765	7,460
Deposits	10,861	4,130	14,991
Derivative instruments	19,339	31,613	50,952
Decommissioning liability	-	76,167	76,167
Noncurrent liabilities:			
Due within one year	79,893	76,300	156,193
Due in more than one year	372,828	1,053,983	1,426,811
Total liabilities	<u>524,070</u>	<u>1,289,456</u>	<u>1,813,526</u>
<b>Deferred Inflows of Resources</b>			
Deferred changes in derivative values	1,026	-	1,026
Deferred regulatory charges	-	10,000	10,000
Total deferred inflows of resources	<u>1,026</u>	<u>10,000</u>	<u>11,026</u>
<b>Net Position</b>			
Net investment in capital assets	1,083,485	609,691	1,693,176
Restricted for:			
Expendable:			
Capital projects	3,504	-	3,504
Debt service	-	55,359	55,359
Economic development	14,631	-	14,631
Landfill capping	-	1,185	1,185
Public works	14,986	-	14,986
Housing	46,150	-	46,150
Programs and regulatory requirements	-	12,524	12,524
Nonexpendable	1,441	-	1,441
Unrestricted	17,989	330,833	348,822
Total net position	<u>\$ 1,182,186</u>	<u>\$ 1,009,592</u>	<u>\$ 2,191,778</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, 2013  
(amounts expressed in thousands)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business type Activities	Total
Governmental activities:								
General government	\$ 54,808	\$ (12,442)	\$ 13,338	\$ 6,789	\$ 454	\$ (21,785)		\$ (21,785)
Public safety	147,652	6,296	7,793	10,071	4,110	(131,974)		(131,974)
Highways and streets	35,072	3,480	15,825	840	24,628	2,741		2,741
Culture and recreation	40,077	2,666	5,237	3,785	3,010	(30,711)		(30,711)
Interest on long-term debt	16,627	-	-	-	-	(16,627)		(16,627)
Total governmental activities	<u>294,236</u>	<u>-</u>	<u>42,193</u>	<u>21,485</u>	<u>32,202</u>	<u>(198,356)</u>		<u>(198,356)</u>
Business type activities:								
Electric	292,175		347,933	-	4,980		\$ 60,738	60,738
Water	58,768		68,489	-	4,282		14,003	14,003
Sewer	43,945		43,772	-	1,230		1,057	1,057
Refuse	20,581		20,829	-	-		248	248
Airport	2,029		1,396	-	762		129	129
Transportation	3,745		344	2,718	480		(203)	(203)
Public parking	5,051		4,777	-	-		(274)	(274)
Total business type activities	<u>426,294</u>		<u>487,540</u>	<u>2,718</u>	<u>11,734</u>		<u>75,698</u>	<u>75,698</u>
Total	<u>\$ 720,530</u>		<u>\$ 529,733</u>	<u>\$ 24,203</u>	<u>\$ 43,936</u>	<u>(198,356)</u>	<u>75,698</u>	<u>(122,658)</u>
General revenues:								
Taxes:								
Sales						50,222	-	50,222
Property						52,904	-	52,904
Utility users						28,206	-	28,206
Franchise						4,959	-	4,959
Other						3,703	-	3,703
Intergovernmental, unrestricted						337	-	337
Investment income						2,786	4,744	7,530
Miscellaneous						9,208	5,767	14,975
Subtotal						<u>152,325</u>	<u>10,511</u>	<u>162,836</u>
Transfers, net						<u>42,262</u>	<u>(42,262)</u>	<u>-</u>
Total general revenues and transfers						<u>194,587</u>	<u>(31,751)</u>	<u>162,836</u>
Extraordinary item - power plant closure						-	(41,259)	(41,259)
Change in net position						(3,769)	2,688	(1,081)
Net position - beginning, as restated						<u>1,185,955</u>	<u>1,006,904</u>	<u>2,192,859</u>
Net position - ending						<u>\$ 1,182,186</u>	<u>\$ 1,009,592</u>	<u>\$ 2,191,778</u>

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

**City of Riverside**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**  
 (amounts expressed in thousands)

<b>Assets</b>	<b>General Fund</b>	<b>Capital Outlay</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and investments	\$ 26,980	\$ -	\$ 24,330	\$ 51,310
Cash and investments at fiscal agent	4,116	5,756	14,917	24,789
Receivables (net of allowance for uncollectibles)				
Interest	49	94	133	276
Property taxes	6,909	-	-	6,909
Sales tax	12,065	-	-	12,065
Utility billed	1,173	-	-	1,173
Accounts	9,965	1,000	2	10,967
Intergovernmental	4,647	35,471	3,812	43,930
Notes	-	-	33,045	33,045
Prepaid items	1,491	-	2	1,493
Due from other funds	21,879	-	-	21,879
Advances to other funds	24,250	-	-	24,250
Advances to Successor Agency	680	-	39,739	40,419
Land & improvements held for resale	-	-	4,709	4,709
Total assets	<u>\$ 114,204</u>	<u>\$ 42,321</u>	<u>\$ 120,689</u>	<u>\$ 277,214</u>
<b>Liabilities</b>				
Accounts payable	\$ 7,710	\$ 8,043	\$ 3,163	\$ 18,916
Accrued payroll	10,878	-	25	10,903
Retainage payable	114	1,863	33	2,010
Intergovernmental	195	-	-	195
Unearned revenue	313	4,382	-	4,695
Deposits	10,841	-	20	10,861
Due to other funds	-	20,065	246	20,311
Advances from other funds	258	-	12,038	12,296
Total liabilities	<u>30,309</u>	<u>34,353</u>	<u>15,525</u>	<u>80,187</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	6,804	6,536	34,371	47,711
Total deferred inflows of resources	<u>6,804</u>	<u>6,536</u>	<u>34,371</u>	<u>47,711</u>
<b>Fund Balances</b>				
Nonspendable:				
Inventories, prepaids and noncurrent receivables	1,491	-	-	1,491
Advances	24,930	-	-	24,930
Permanent fund principal	-	-	1,441	1,441
Restricted for:				
Housing and redevelopment	-	-	26,410	26,410
Debt service	1,792	-	25,884	27,676
Transportation and public works	-	1,432	15,055	16,487
Other purposes	404	-	2,003	2,407
Assigned to:				
General government	2,300	-	-	2,300
Public safety	868	-	-	868
Highways and streets	1,216	-	-	1,216
Culture and recreation	1,671	-	-	1,671
Continuing projects	4,656	-	-	4,656
Unassigned	37,763	-	-	37,763
Total fund balances	<u>77,091</u>	<u>1,432</u>	<u>70,793</u>	<u>149,316</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 114,204</u>	<u>\$ 42,321</u>	<u>\$ 120,689</u>	<u>\$ 277,214</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 POSITION**  
**June 30, 2013**  
**(amounts expressed in thousands)**

Total fund balances - governmental funds		\$149,316
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets net of accumulated depreciation used in governmental activities that are not current financial resources and, therefore, are not reported in the funds		1,315,401
The net pension asset is not an available resource and, therefore, is not reported in the funds.		104,651
Deferred refunding charges are not available resources and, therefore, are not reported in the funds.		5,399
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		47,711
Accrued interest payable for the current portion of interest due on various debt issues has not been reported in the governmental funds.		(3,415)
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	\$ (178,380)	
Certificates of participation payable	(159,015)	
Capital leases payable	(8,424)	
Loan payable	(28,652)	
Bond premiums	(2,383)	
Net OPEB obligation	(11,957)	
Compensated absences	(21,269)	
Judgment payable	(10,000)	
		(420,080)
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 Position.		
Net fair value of interest rate swaps	\$ (18,313)	
Deferred amount related to the hedgeable portion of the derivative instrumen	13,338	
		(4,975)
Internal service funds are used by management to charge the costs of insurance, centralized purchasing and fleet management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		(11,822)
Net position of governmental activities		<u>\$1,182,186</u>

**City of Riverside**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2013**  
**(amounts expressed in thousands)**

	General Fund	Capital Outlay	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 139,994	\$ -	\$ -	\$ 139,994
Licenses and permits	7,395	-	2,778	10,173
Intergovernmental	8,632	22,076	20,026	50,734
Charges for services	12,062	-	-	12,062
Fines and forfeitures	6,234	-	-	6,234
Special assessments	4,406	370	1,893	6,669
Rental and investment income	2,148	111	1,619	3,878
Miscellaneous	6,143	2,234	6,556	14,933
Total revenues	<u>187,014</u>	<u>24,791</u>	<u>32,872</u>	<u>244,677</u>
<b>Expenditures</b>				
Current:				
General government	11,841	-	3,872	15,713
Public safety	145,545	-	4,745	150,290
Highways and streets	16,294	-	-	16,294
Culture and recreation	32,450	-	164	32,614
Capital outlay	2,942	66,257	17,124	86,323
Debt service:				
Principal	41,451	-	3,555	45,006
Interest	6,781	-	8,335	15,116
Bond issuance costs	94	255	232	581
Payment to escrow account for advance refunding	-	-	3,521	3,521
Total expenditures	<u>257,398</u>	<u>66,512</u>	<u>41,548</u>	<u>365,458</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(70,384)</u>	<u>(41,721)</u>	<u>(8,676)</u>	<u>(120,781)</u>
<b>Other financing sources (uses)</b>				
Transfers in	44,115	-	12,457	56,572
Transfers out	(8,897)	(201)	(5,080)	(14,178)
Issuance of long term debt	30,940	25,000	41,240	97,180
Other financing source - bond premium	-	-	2,573	2,573
Capital lease proceeds	6,985	-	218	7,203
Sales of capital assets	82	-	-	82
Payment to escrow account for advance refunding	-	-	(43,591)	(43,591)
Total other financing sources and uses	<u>73,225</u>	<u>24,799</u>	<u>7,817</u>	<u>105,841</u>
Net change in fund balances	2,841	(16,922)	(859)	(14,940)
Fund balances - beginning	74,250	18,354	71,652	164,256
Fund balances - ending	<u>\$ 77,091</u>	<u>\$ 1,432</u>	<u>\$ 70,793</u>	<u>\$ 149,316</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, 2013  
(amounts expressed in thousands)**

Net change in fund balances-total governmental funds (\$14,940)

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	\$ 79,698	
Depreciation expense	<u>(39,731)</u>	39,967

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position. 6,940

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. 1,626

The amortization of the net pension asset reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (4,054)

The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds immediately report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is listed below:

Principal repayments	\$ 45,006	
Debt refunding	47,112	
Judgment	(10,000)	
Other post-employment benefit liabilities	(2,290)	
Compensated absences	(89)	
Interest	(277)	
Premiums on the issuance of long-term debt	(2,573)	
Proceeds from long-term debt	<u>(104,383)</u>	(27,494)

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. (5,814)

Change in net position of governmental activities \$ (3,769)

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, 2013  
(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	\$ 137,263	\$ 137,263	\$ 139,994	\$ 2,731	Public safety:				
Licenses and permits	7,456	7,456	7,395	(61)	Police	81,038	92,651	88,643	4,008
Intergovernmental	1,220	16,412	8,632	(7,780)	Fire	43,524	46,799	46,787	12
Charges for services	11,749	11,836	12,062	226	Animal regulation	3,366	3,467	3,418	49
Fines and forfeitures	4,955	4,955	6,234	1,279	Building and zoning inspection	2,271	2,271	2,124	147
Special assessments	4,749	4,893	4,406	(487)	Street lighting	4,511	4,511	4,573	(62)
Rental and investment income	1,783	1,783	2,148	365	Total public safety	134,710	149,699	145,545	4,154
Miscellaneous	9,445	10,156	6,143	(4,013)	Highways and streets	18,952	20,472	16,294	4,178
Total revenues	178,620	194,754	187,014	(7,740)	Culture and recreation	31,433	35,775	32,450	3,325
<b>Expenditures</b>					Capital Outlay	153	4,481	2,942	1,539
General government:					Debt service:				
Mayor	849	1,068	1,019	49	Principal	8,006	41,896	41,451	445
Council	1,330	1,337	1,231	106	Interest	7,044	7,184	6,781	403
Manager	7,276	7,467	6,959	508	Bond issuance costs	-	168	94	74
Attorney	3,826	3,996	3,993	3	Total debt service	15,050	49,248	48,326	922
Clerk	1,157	1,417	1,285	132	Total expenditures	210,805	277,271	257,398	19,873
Community Development	10,273	10,861	9,570	1,291	Deficiency of revenue under expenditures	(32,185)	(82,517)	(70,384)	12,133
Human Resources	2,881	3,309	2,697	612	<b>Other financing sources (uses)</b>				
General Services	8,172	9,269	7,692	1,577	Transfers in	40,891	41,340	44,115	2,775
Finance	7,474	7,529	7,375	154	Transfers out	(9,910)	(10,060)	(8,897)	1,163
Information System	10,818	14,892	11,686	3,206	Issuance of long term debt	-	32,590	30,940	(1,650)
Subtotal	54,056	61,145	53,507	7,638	Capital lease proceeds	-	6,985	6,985	-
Allocated expenditures	(43,549)	(43,549)	(41,666)	(1,883)	Sale of capital assets	240	240	82	(158)
Total general government	10,507	17,596	11,841	5,755	Total other financing sources	31,221	71,095	73,225	2,130
				continued	Net change in fund balances	(964)	(11,422)	2,841	14,263
					Fund balance, beginning	74,250	74,250	74,250	-
					Fund balance, ending	\$ 73,286	\$ 62,828	\$ 77,091	\$ 14,263

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

City of Riverside  
Statement of Net Position  
Proprietary Funds  
June 30, 2013  
(amounts expressed in thousands)

Business-type Activities - Enterprise Funds

Assets	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Current assets:						
Cash and investments	\$ 197,823	\$ 73,081	\$ 12,197	\$ 3,705	\$ 286,806	\$ 4,209
Receivables (net allowances for uncollectibles)						
Interest	1,089	384	87	25	1,585	47
Utility billed	16,953	4,479	2,456	1,033	24,921	-
Utility unbilled	14,917	3,476	1,597	699	20,689	-
Accounts	6,987	1,507	150	1,897	10,541	50
Intergovernmental	2,098	776	659	815	4,348	60
Other	-	3,330	-	-	3,330	-
Inventory	507	-	1,350	-	1,857	6,690
Prepaid items	21,016	19	7	-	21,042	-
Deposits	853	-	-	-	853	-
Due from other funds	1,765	756	-	-	2,521	-
Restricted assets:						
Cash and cash equivalents:						
Rate stabilization cash and cash equivalents	-	-	6,935	-	6,935	-
Other restricted cash and cash equivalents	25,591	7,708	11,036	1,185	45,520	-
Public benefit programs receivable	922	128	-	-	1,050	-
Total current assets	290,521	95,644	36,474	9,359	431,998	11,056
Non-current assets:						
Restricted assets:						
Cash and investments at fiscal agent	211,072	25,072	95,643	-	331,787	-
Regulatory assets	18,281	1,523	1,079	6,905	27,788	-
Other receivables	-	6,670	-	-	6,670	-
Advances to other funds	-	-	7,581	-	7,581	4,767
Advances to Successor Agency	5,742	-	4,392	-	10,134	5,578
Net pension asset	11,954	5,143	3,290	2,188	22,575	1,445
Capital assets:						
Land	7,683	10,996	2,698	21,259	42,636	-
Intangible assets, non-depreciable	10,651	10,841	-	-	21,492	-
Intangible assets, depreciable	292	353	-	-	645	-
Accumulated depreciation - intangible assets, depreciable	(63)	(184)	-	-	(247)	-
Buildings	22,009	18,192	191,523	35,508	267,232	2,084
Accumulated depreciation - buildings	(5,976)	(4,684)	(93,185)	(4,959)	(108,804)	(294)
Improvements other than buildings	822,335	526,924	99,122	26,886	1,475,267	-
Accumulated depreciation - improvements other than buildings	(246,691)	(152,663)	(15,818)	(7,263)	(422,435)	-
Machinery and equipment	30,786	12,930	10,745	20,065	74,526	9,583
Accumulated depreciation - machinery and equipment	(15,481)	(10,602)	(6,202)	(13,184)	(45,469)	(8,160)
Construction in progress	53,502	10,175	85,093	615	149,385	-
Total non-current assets	926,096	460,686	385,961	88,020	1,860,763	15,003
Total assets	1,216,617	556,330	422,435	97,379	2,292,761	26,059
<b>Deferred Outflows of Resources</b>						
Deferred changes in derivative values	17,371	2,437	-	-	19,808	-
Deferred charge on refunding	11,917	8,728	-	-	20,645	-
Total deferred outflows of resources	29,288	11,165	-	-	40,453	-

Continued

City of Riverside  
Statement of Net Position  
Proprietary Funds  
June 30, 2013  
(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	15,917	2,298	8,798	1,354	28,367	925
Accrued payroll	1,122	385	297	176	1,980	90
Retainage payable	190	28	1,531	-	1,749	-
Unearned revenue	-	-	-	2,765	2,765	-
Deposits	3,371	758	-	1	4,130	-
Due to other funds	-	-	-	1,303	1,303	2,786
Capital leases - current	637	-	-	7	644	-
Water stock acquisitions - current	-	150	-	-	150	-
Notes payable - current	35,248	-	718	871	36,837	-
Landfill capping - current	-	-	-	200	200	-
Claims and judgments - current	-	-	-	-	-	19,337
Compensated absences - current	3,598	1,281	1,017	493	6,389	249
Current liabilities payable from restricted assets:						
Revenue bonds	20,685	4,360	7,035	-	32,080	-
Accrued interest	5,970	1,845	4,587	-	12,402	-
Total current liabilities	86,738	11,105	23,983	7,170	128,996	23,387
Non-current liabilities:						
Revenue bonds	562,934	207,643	229,182	-	999,759	-
Notes payable	7,413	-	4,456	22,092	33,961	-
Capital leases	1,913	-	-	1	1,914	-
Advances from other funds	11,781	5,069	3,243	2,770	22,863	1,439
Decommissioning liability	76,167	-	-	-	76,167	-
Derivative instruments	23,729	7,884	-	-	31,613	-
Claims and judgments	-	-	-	-	-	12,232
Water stock acquisitions	-	794	-	-	794	-
Landfill capping	-	-	-	6,257	6,257	-
Compensated absences	761	198	105	185	1,249	243
Other postemployment benefits	4,928	2,103	1,476	1,273	9,780	580
Other payables	269	-	-	-	269	-
Total non-current liabilities	689,895	223,691	238,462	32,578	1,184,626	14,494
Total liabilities	776,633	234,796	262,445	39,748	1,313,622	37,881
<b>Deferred Inflows of Resources</b>						
Deferred regulatory charges	-	10,000	-	-	10,000	-
Total deferred inflows of resources	-	10,000	-	-	10,000	-
<b>Net Position</b>						
Net investment in capital assets	201,765	244,937	107,033	55,956	609,691	3,213
Restricted for debt service	16,354	5,479	33,526	-	55,359	-
Restricted for landfill capping	-	-	-	1,185	1,185	-
Restricted for programs and regulatory requirements	9,457	2,287	780	-	12,524	-
Unrestricted	241,696	69,996	18,651	490	330,833	(15,035)
Total net position	\$ 469,272	\$ 322,699	\$ 159,990	\$ 57,631	\$ 1,009,592	\$ (11,822)

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

City of Riverside  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the fiscal year ended June 30, 2013  
(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	\$ 347,933	\$ 68,489	\$ 43,772	\$ 27,346	\$ 487,540	\$ 21,239
Operating expenses:						
Personnel services	38,261	11,871	10,322	8,357	68,811	3,866
Contractual services	6,630	2,507	1,634	5,404	16,175	121
Maintenance and operation	177,461	8,771	7,375	6,942	200,549	2,405
General	11,055	12,617	6,806	4,345	34,823	1,963
Materials and supplies	941	795	3,400	1,321	6,457	211
Claims/Insurance	1,476	632	462	363	2,933	17,907
Depreciation and amortization	28,728	12,698	6,788	3,576	51,790	545
Total operating expenses	<u>264,552</u>	<u>49,891</u>	<u>36,787</u>	<u>30,308</u>	<u>381,538</u>	<u>27,018</u>
Operating income (loss)	<u>83,381</u>	<u>18,598</u>	<u>6,985</u>	<u>(2,962)</u>	<u>106,002</u>	<u>(5,779)</u>
Non-operating revenues (expenses):						
Operating grants	-	-	-	2,718	2,718	-
Interest income	3,060	503	1,172	9	4,744	249
Other	3,487	609	(56)	949	4,989	(14)
Gain (loss) on retirement of capital assets	584	191	(295)	(52)	428	4
Capital improvement fees	-	-	1,065	-	1,065	-
Interest expense and fiscal charges	(27,623)	(8,877)	(6,863)	(1,043)	(44,406)	(142)
Total non-operating revenues (expenses)	<u>(20,492)</u>	<u>(7,574)</u>	<u>(4,977)</u>	<u>2,581</u>	<u>(30,462)</u>	<u>97</u>
Income before capital contributions and transfers	62,889	11,024	2,008	(381)	75,540	(5,682)
Cash capital contributions	3,557	4,097	165	1,242	9,061	-
Noncash capital contributions	1,423	185	-	-	1,608	-
Transfers in	33	33	-	2,277	2,343	-
Transfers out	(37,186)	(6,579)	-	(840)	(44,605)	(132)
Extraordinary item - power plant closure	(41,259)	-	-	-	(41,259)	-
Change in net position	<u>(10,543)</u>	<u>8,760</u>	<u>2,173</u>	<u>2,298</u>	<u>2,688</u>	<u>(5,814)</u>
Total net position - beginning	479,815	313,939	157,817	55,333	1,006,904	(6,008)
Total net position - ending	<u>\$ 469,272</u>	<u>\$ 322,699</u>	<u>\$ 159,990</u>	<u>\$ 57,631</u>	<u>\$ 1,009,592</u>	<u>\$ (11,822)</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, 2013  
(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	\$ 341,417	\$ 67,918	\$ 44,179	\$ 26,014	\$ 479,528	\$ 21,410
Cash paid to employees for services	(37,180)	(11,369)	(8,337)	(8,043)	(64,929)	(4,159)
Cash paid to other suppliers of goods or services	(205,555)	(26,742)	(13,990)	(22,191)	(268,478)	(18,322)
Payments related to extraordinary item	(3,707)	-	-	-	(3,707)	-
Other receipts	3,520	642	110	4,147	8,419	(14)
Net cash provided (used) by operating activities	<u>98,495</u>	<u>30,449</u>	<u>21,962</u>	<u>(73)</u>	<u>150,833</u>	<u>(1,085)</u>
Cash flows from noncapital financing activities:						
Transfers out	(37,186)	(6,579)	-	2,277	(41,488)	-
Intra-equity property acquisition	-	220	-	-	220	-
Advances from interfund receivables	-	-	-	441	441	(4)
Payments on interfund receivables	(437)	(187)	223	(4)	(405)	(132)
Advances to other funds	512	-	(61)	-	451	638
Net cash (used) provided by noncapital financing activities	<u>(37,111)</u>	<u>(6,546)</u>	<u>162</u>	<u>1,874</u>	<u>(41,621)</u>	<u>502</u>
Cash flows from capital and related financing activities:						
Purchase of capital assets	(35,498)	(24,934)	(51,905)	(10,619)	(122,956)	(446)
Proceeds from the sale of capital assets	646	270	-	3	919	4
Principal paid on long-term obligations	(19,942)	(5,207)	(6,806)	(859)	(32,814)	-
Interest paid on long-term obligations	(28,812)	(8,926)	(6,796)	(1,027)	(45,561)	(142)
Capital improvement fees	-	-	1,065	-	1,065	-
Capital contributions	4,193	6,561	-	762	11,516	-
Net cash (used) for capital and related financing activities	<u>(79,413)</u>	<u>(32,236)</u>	<u>(64,442)</u>	<u>(11,740)</u>	<u>(187,831)</u>	<u>(584)</u>
Cash flows from investing activities:						
Purchase (sales) of investments	(1,549)	535	-	-	(1,014)	-
Income (Loss) from investments	2,691	399	1,183	(4)	4,269	182
Net cash provided (used) by investing activities	<u>1,142</u>	<u>934</u>	<u>1,183</u>	<u>(4)</u>	<u>3,255</u>	<u>182</u>
Net change in cash and cash equivalents	(16,887)	(7,399)	(41,135)	(9,943)	(75,364)	(985)
Cash and cash equivalents, beginning (including \$164,431 for Electric, \$49,333 for Water, \$143,049 for Sewer and \$8,892 for Other Enterprise Funds in restricted accounts.)						
	<u>351,972</u>	<u>113,260</u>	<u>166,946</u>	<u>14,833</u>	<u>647,011</u>	<u>5,194</u>
Cash and cash equivalents, ending (including \$137,262 for Electric, \$32,780 for Water, \$113,614 for Sewer and \$1,185 for Other Enterprise Funds in restricted accounts.)						
	<u>\$ 335,085</u>	<u>\$ 105,861</u>	<u>\$ 125,811</u>	<u>\$ 4,890</u>	<u>\$ 571,647</u>	<u>\$ 4,209</u>

continued

City of Riverside  
Proprietary Funds  
Statement of Cash Flows  
For the fiscal year ended June 30, 2013  
(amounts expressed in thousands)

	continued					
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 83,381	\$ 18,598	\$ 6,985	\$ (2,962)	\$ 106,002	\$ (5,779)
Other receipts (disbursements)	3,520	642	110	4,323	8,595	(14)
Payments related to extraordinary item	(3,707)	-	-	-	(3,707)	-
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	28,728	12,698	6,788	3,576	51,790	545
Amortization of net pension asset	426	184	118	79	807	45
Other regulatory assets	(1,487)	-	-	-	(1,487)	-
(Increase) in utility billed receivables	(49)	(218)	-	-	(267)	-
(Increase) in utility unbilled receivables	(1,778)	(53)	-	-	(1,831)	-
(Increase) decrease in accounts receivable	674	(18)	407	(1,390)	(327)	171
(Increase) in intergovernmental receivables	(1,623)	(323)	-	(118)	(2,064)	-
Decrease in due from other funds	512	220	-	-	732	-
(Increase) decrease in prepaid items	(4,509)	4	(5)	-	(4,510)	-
(Increase) decrease in inventory	(507)	-	(16)	-	(523)	97
(Increase) in regulatory assets	(11,779)	-	-	-	(11,779)	-
Increase (decrease) in accounts payable	2,862	(1,033)	5,708	(3,578)	3,959	176
Increase (decrease) in accrued payroll	(44)	5	1,526	(564)	923	(463)
Increase (decrease) in retainage payable	(97)	(291)	-	-	(388)	-
Increase (decrease) in other payables	(709)	-	341	799	431	578
Increase in deposits	223	34	-	-	257	-
(Decrease) in due to other funds	-	-	-	-	-	(467)
Increase in claims and judgments	-	-	-	-	-	4,026
Increase in decommissioning liability	4,458	-	-	-	4,458	-
(Decrease) in landfill capping	-	-	-	(238)	(238)	-
Net cash provided (used) by operating activities	<u>\$ 98,495</u>	<u>\$ 30,449</u>	<u>\$ 21,962</u>	<u>\$ (73)</u>	<u>\$ 150,833</u>	<u>\$ (1,085)</u>
Schedule of noncash investing, capital and financing activities:						
Capital contributions - capital assets	\$ 1,423	\$ 185	\$ -	\$ -	\$ 1,608	\$ -
Borrowing under capital lease	1,659	-	-	-	1,659	-
(Decrease) in fair value of investments	(2,947)	-	-	-	(2,947)	-
Loss on power plant closure	(37,552)	-	-	-	(37,552)	-

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

**City of Riverside**  
**Statement of Net Position/(Deficit)**  
**Fiduciary Funds**  
**June 30, 2013**  
**(amounts expressed in thousands)**

	<b>Successor Agency Private-Purpose Trust Fund</b>	<b>Agency Fund</b>
<b>Assets</b>		
Cash and investments	\$ 25,999	\$ 6,688
Cash and investments at fiscal agent	29,700	6,778
Receivables:		
Interest	93	33
Accounts	202	24
Notes	22,467	-
Capital lease receivable	21,575	-
Deposits	2	-
Property tax receivables	-	124
Land & improvements held for resale	15,035	-
Capital assets:		
Land	185	-
Equipment	6	-
Accumulated depreciation - equipment	(6)	-
<b>Total assets</b>	<b>115,258</b>	<b>13,647</b>
<b>Liabilities</b>		
Accounts payable	1,477	-
Retainage payable	1,307	-
Accrued interest	5,052	-
Advances from City of Riverside	56,131	-
Bonds payable	256,222	-
Notes payable	6,257	-
Held for bond holders	-	13,647
<b>Total liabilities</b>	<b>326,446</b>	<b>13,647</b>
<b>Deferred Inflows of Resources</b>		
Deferred charge on refunding	318	-
<b>Total deferred inflows of resources</b>	<b>318</b>	<b>-</b>
<b>Net Position/(Deficit)</b>		
Held by Successor Agency	(211,506)	-
<b>Total net position/(deficit)</b>	<b>\$ (211,506)</b>	<b>\$ -</b>

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



**City of Riverside**  
**Statement of Changes in Net Position/(Deficit)**  
**Fiduciary Fund - Private-Purpose Trust Fund**  
**For the fiscal year ended June 30, 2013**  
**(amounts expressed in thousands)**

	<b>Successor Agency Private-Purpose Trust Fund</b>
	<u>                    </u>
<b>Additions</b>	
Property tax revenue	\$ 28,227
Rental and investment income	2,683
Miscellaneous	404
Total additions	<u>31,314</u>
<b>Deductions</b>	
Professional services and other deductions	2,785
Funds remitted to the county	18,641
Redevelopment projects	7,315
Interest expense	14,321
Total deductions	<u>43,062</u>
<b>Change in Net Position/(Deficit)</b>	(11,748)
Net position/(deficit) - beginning, as restated	<u>(199,758)</u>
Net position/(deficit) - ending	<u>\$ (211,506)</u>

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

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Blended Component Units

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

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

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

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

Fiduciary Component Unit

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

Transportation Uniform Mitigation Fees, which is six (6) months and sales tax revenue which is seven (7) months, as described below. Grant revenue is recognized if received within six (6) months of year end to enable the matching of revenue with applicable expenditures. Expenditures generally are recorded when a liability is incurred, 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 the bonds are currently estimated to retire in 2016. These in-lieu sales taxes will be paid to the City by the State on a different calendar than sales taxes, which are paid monthly, three months in arrears. The vast majority of the in-lieu amount will be paid during the applicable fiscal year; however, the final payment of the in-lieu sales taxes will not be paid until the January following the end of the applicable fiscal year. Since 2004, the final "true-up" payment has been reported in the fiscal year that the revenue was earned and thus provides consistency in the reporting of sales tax revenue.

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

#### D. Cash and Investments

The City values its cash and investments in accordance with the provisions of Government Accounting Standards Board (GASB) Statement No. 31,

"Accounting and Financial Reporting for Certain Investments and External Investment Pools (GASB 31)," which requires governmental entities, including governmental external investment pools, to report certain investments at fair value in the statement of net position/balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. Fair value is determined using published market prices.

Cash accounts of all funds are pooled for investment purposes to enhance safety and liquidity while maximizing interest earnings. Investments are stated at fair value. 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 position because their use is limited by applicable bond covenants. Restricted cash and investments also include cash set aside for nuclear decommissioning, public benefit programs, regulatory requirements and rate stabilization because their use is legally restricted to a specific purpose. Unspent proceeds received from the City's landfill capping surcharge are also recorded as restricted assets.

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

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

#### G. Inventory

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

#### H. Prepaid Items

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

**I. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets ( e.g., roads, bridges, sidewalks, right of way, and similar items), are reported in the applicable governmental 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.

Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed for proprietary funds. For the year ended June 30, 2013, business-type activities capitalized net interest costs of \$5,780 in the government-wide and fund financial statements. Total interest expense incurred by the business-type activities (and the enterprise funds on the proprietary funds statements) before capitalization was \$50,170.

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

Buildings and Improvements	30-50 years
Improvements other than Buildings	20-99 years
Intangibles - Depreciating	3-5 years
Machinery and Equipment	3-15 years
Infrastructure	20-100 years

**J. Compensated Absences**

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

City employees generally receive one day of sick leave for each month of employment with unlimited accumulation. Upon retirement or death, certain employees or their estates receive a percentage of unused sick leave paid in a lump sum based on longevity. The General, 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 position.

The City uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. The City had debt that was layered with "synthetic fixed rate" swaps, which was refunded in 2008 and 2011. At the time of the refunding, hedge accounting ceased to be applied. The balance of the deferral account for each swap is included as part of the deferred charge on refunding associated with the new bonds. The swaps were also employed as a hedge against the new debt. Hedge accounting was applied to that portion of the hedging relationship, which was determined to be effective. The negative fair value of the interest rate swaps related to the new hedging relationship has been recorded and deferred on the statement of net position. In 2012, the City also entered into an additional interest rate swap agreement, which has a positive fair value and is recorded and deferred on the statement of net position. See Note 10 for further discussion related to the City's interest rate swaps.

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

## L. Long-Term Obligations

### Long-Term Debt

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

### Decommissioning

Federal regulations require the Electric Utility to provide for the future decommissioning of its ownership share of the nuclear units at San Onofre. The Electric Utility has established trust accounts to accumulate resources for the decommissioning of the nuclear power plant and restoration of the beachfront at San Onofre. Based on the most recent site specific cost estimate as of July 2013, prepared by ABZ Incorporated, the Electric Utility has fully funded the SONGS nuclear decommissioning liability. With the recent retirement of SONGS units 2 and 3, there is much uncertainty as to future unknown costs to decommission SONGS. Although management believes the current cost estimate is the upper bound of decommissioning obligations, the Electric Utility has conservatively decided to continue to set aside \$1,600 per year in an internally restricted cash reserve for unexpected costs not contemplated in the current estimates.

Increases to the funds held for the decommission liability are from amounts set aside and investment earnings. The investment earnings are included in investment income. These earnings, as well as amounts set aside, are reflected as decommissioning expense which is considered part of power supply costs. To date, the Electric Utility has set aside \$76,035 in cash investments with the trustee and \$132 in an internally restricted decommissioning reserve as the Electric Utility's estimated share of the decommissioning cost of San Onofre, and these amounts are reflected as restricted assets and unrestricted cash and cash equivalents, respectively,

on the Statements of Net Position. The Electric Utility's decommissioning liability is equivalent to the total funds accumulated and is reflected as a non-current liability. The plant site easement at San Onofre terminates May 2024. The plant must be decommissioned and the site restored by the time the easement terminates.

## M. Claims and Judgments Payable

Claims and judgments payable are recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Such claims, including an estimate for claims incurred but not reported at year end, are recorded as liabilities in the self-insurance internal service trust fund. As of June 30, 2013, the City had incurred a \$10 million liability related to a judgment, which is reflected as a liability on the government-wide statements and is more fully described in Note 8.

## N. Fund Equity

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

- Nonspendable fund balance is the portion of fund balance that cannot be spent due to form. Examples include inventories, prepaid amounts, long-term loans, 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 can only be used for specific purposes due to formal action of the City Council through adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. No amounts have been reported within this category of fund balance.
- Assigned fund balance reflects the City's intended use of resources. Intent can be expressed by the City Council or by an official to which the City Council delegates the authority. On February 22, 2011, the City Council approved a policy whereby the authority to assign fund balance was delegated to the City's chief financial officer.

- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

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

#### O. Net Position

Net position represents the difference between assets and deferred outflows less liabilities and deferred inflows. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the related acquisition, construction or improvement of those assets excluding unspent debt proceeds. A portion of net position is 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 advances 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.

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

#### Q. Unearned Revenue

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

#### R. Unavailable Revenue

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

#### S. Deferred outflows and deferred inflows of resources

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

When applicable, the statement of net position and the balance sheet will report a separate section for deferred inflows of resources. Deferred inflows of resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are *not* recognized as an inflow of resources (revenue) until that time.

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

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

#### U. Property Tax Calendar

Under California law, general property taxes are assessed for up to 1% of the property's assessed value. General property taxes are collected by the counties along with other special district taxes and assessments and voter

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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. The City generally accrues only those taxes, which are received within sixty days after the year-end. In the current year, the City initiated the process to participate in the Teeter plan under the California Revenue and Taxation Code, which provided for a one-time catch up payment for all outstanding delinquent property taxes. The catch-up payment is approximately \$2 million, which is expected to be received in October 2013. Due to the unusual circumstances associated with the conversion to the Teeter plan, the availability period has been extended to include the revenue associated with the one-time catch up payment for delinquent property taxes. Under the Teeter plan, the County of Riverside has responsibility for the collection of delinquent taxes and the City receives 100% of the levy.

V. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures. Specifically, the City has made certain estimates and assumptions relating to the revenues due and expenditures incurred through fiscal year end, collectability of its receivables, the valuation of property held for resale, the useful lives of capital assets, and the ultimate outcome of claims and judgments. Actual results may differ from those estimates and assumptions.

2. Legal Compliance - Budgets

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

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

3. Cash and Investments

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

Investments	\$ 426,049
Investments at fiscal agent	<u>382,598</u>
	808,647
Cash on hand and deposits with financial institutions	466
Non-negotiable certificates of deposit	<u>11,408</u>
	<u>\$ 820,521</u>

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

Cash and investments	\$ 342,325
Restricted cash and cash equivalents	52,455
Restricted cash and investments at fiscal agent	<u>356,576</u>
Total per statement of net position	751,356
Fiduciary fund cash and investments	<u>69,165</u>
	<u>\$ 820,521</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



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related account. Bank deposits are covered by federal depository insurance for the first \$250 or by collateral held in the pledging bank's trust department in the name of the City.

Authorized Investments

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

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

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

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

Investments Authorized by Debt Agreements

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

- Securities of the U.S. Government and its sponsored agencies
- Bankers' Acceptances rated in the single highest classification

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

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

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More than 60 Months</u>
Money Market Funds	\$ 60,975	\$ 60,975	\$ -	\$ -	\$ -
Federal Agency Securities	193,763	33,354	18,399	142,010	-
Corp. Medium Term Notes	60,487	10,391	18,005	32,091	-
State Investment Pool	99,255	99,255	-	-	-
Negotiable CDs	11,569	5,150	3,725	2,694	-
Held by Fiscal Agent					
Money Market Funds	17,213	17,213	-	-	-
State Investment Pool	23,779	23,779	-	-	-
Investment Contracts	155,578	119,211	24,173	1,433	10,761
Commercial Paper	103,246	103,246	-	-	-
Fed. Agency Securities	62,199	1,787	-	60,412	-
Corp. Med. Term Notes	20,583	-	-	20,583	-
<b>Total</b>	<b><u>\$808,647</u></b>	<b><u>\$474,361</u></b>	<b><u>\$64,302</u></b>	<b><u>\$259,223</u></b>	<b><u>\$10,761</u></b>

The City assumes that callable investments will not be called.

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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	Ratings as of Year End				
	Total	AAA	AA	A	Unrated
Money Market Funds	\$ 60,975	\$ 2,587	\$ 1,283	\$ 57,105	\$ -
Federal Agency Securities	193,763	193,763	-	-	-
Corporate Medium Term Notes	60,487	-	49,933	10,554	-
State Investment Pool	99,255	-	-	-	99,255
Negotiable CDs	11,569	-	-	-	11,569
Held by Fiscal Agent					
Money Market Funds	17,213	11,719	-	-	5,494
State Investment Pool	23,780	-	-	-	23,780
Investment Contracts	155,578	-	-	-	155,578
Commercial Paper	103,246	-	103,246	-	-
Federal Agency Securities	62,198	62,198	-	-	-
Corporate Medium Term Notes	20,583	-	10,444	10,139	-
<b>Total</b>	<b>\$808,647</b>	<b>\$270,267</b>	<b>\$164,906</b>	<b>\$77,798</b>	<b>\$295,676</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
US Bank	Commercial Paper	\$103,246
Deutsche Bank Securities Inc.	Investment Contract	\$111,671

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-

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

Investment in State Investment Pool

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

4. Capital Lease Receivable

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

2014	\$ 2,473
2015	2,507
2016	2,533
2017	2,561
2018	2,598
Thereafter	19,068
Total Due	31,740
Less: amount applicable to interest	(10,165)
Total capital lease receivable	<u>\$21,575</u>

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5. Capital Assets

The following is a summary of changes in the capital assets during the fiscal year ended June 30, 2013.

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 322,060	\$ 3,460	\$ (305)	\$ 325,215
Construction in progress	<u>26,666</u>	<u>46,524</u>	<u>(34,675)</u>	<u>38,515</u>
Total capital assets not depreciated	<u>348,726</u>	<u>49,984</u>	<u>(34,980)</u>	<u>363,730</u>
Capital assets being depreciated:				
Buildings	169,099	11,238	-	180,337
Improvements other than buildings	227,551	22,508	(38)	250,021
Machinery and equipment	78,878	4,328	(3,424)	79,782
Infrastructure	<u>876,512</u>	<u>34,188</u>	<u>-</u>	<u>910,700</u>
Total capital assets being depreciated	<u>1,352,040</u>	<u>72,262</u>	<u>(3,462)</u>	<u>1,420,840</u>
Less accumulated depreciation for:				
Buildings	(45,971)	(4,315)	-	(50,286)
Improvements other than buildings	(57,315)	(10,495)	38	(67,772)
Machinery and equipment	(58,814)	(4,599)	3,243	(60,170)
Infrastructure	<u>(266,861)</u>	<u>(20,867)</u>	<u>-</u>	<u>(287,728)</u>
Total accumulated depreciation	<u>(428,961)</u>	<u>(40,276)</u>	<u>3,281</u>	<u>(465,956)</u>
Total capital assets being depreciated, net	<u>923,079</u>	<u>31,986</u>	<u>(181)</u>	<u>954,884</u>
Governmental activities capital assets, net	<u>\$1,271,805</u>	<u>\$81,970</u>	<u>\$(35,161)</u>	<u>\$1,318,614</u>

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Business type activities:				
Capital assets, not depreciated:				
Land	\$ 34,924	\$ 7,712	\$ -	\$ 42,636
Intangibles, non-depreciable	16,128	5,364	-	21,492
Improvements, non-depreciable	14,641	-	(14,641)	-
Construction in progress	<u>126,943</u>	<u>115,863</u>	<u>(93,421)</u>	<u>149,385</u>
Total capital assets not depreciated	<u>192,636</u>	<u>128,939</u>	<u>(108,062)</u>	<u>213,513</u>
Capital assets being depreciated:				
Buildings	246,608	20,652	(28)	267,232
Improvements other than buildings	1,500,804	64,814	(90,351)	1,475,267
Intangibles, depreciable	645	-	-	645
Machinery and equipment	<u>67,066</u>	<u>8,419</u>	<u>(959)</u>	<u>74,526</u>
Total capital assets being depreciated	<u>1,815,123</u>	<u>93,885</u>	<u>(91,338)</u>	<u>1,817,670</u>
Less accumulated depreciation for:				
Buildings	(102,930)	(5,899)	25	(108,804)
Improvements other than buildings	(458,879)	(39,923)	76,367	(422,435)
Intangibles, depreciable	(146)	(101)	-	(247)
Machinery and equipment	<u>(40,839)</u>	<u>(5,461)</u>	<u>831</u>	<u>(45,469)</u>
Total accumulated depreciation	<u>(602,794)</u>	<u>(51,384)</u>	<u>77,223</u>	<u>(576,955)</u>
Total capital assets being depreciated, net	<u>1,212,329</u>	<u>42,501</u>	<u>(14,115)</u>	<u>1,240,715</u>
Nuclear fuel, at amortized cost	8,832	1,318	(10,150)	-
Business type activities capital assets, net	<u>\$1,413,797</u>	<u>\$172,758</u>	<u>\$(132,327)</u>	<u>\$1,454,228</u>

Depreciation expense was charged to various functions as follows:

Governmental activities:	
General government	\$ 4,231
Public safety	3,658
Highways and streets, including depreciation of general infrastructure assets	22,258
Culture and recreation	<u>10,129</u>
Total depreciation expense – governmental activities	<u>\$40,276</u>

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Business type activities:	
Electric	\$28,728
Water	12,698
Sewer	6,788
Refuse	1,126
Special Transportation	582
Airport	661
Public Parking	<u>801</u>
Total depreciation expense – business type activities	<u>\$51,384</u>

**6. Long-Term Obligations**

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

Governmental Activities:

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 16,107	\$ -	\$ 793	\$15,314	\$ 840
Pension Obligation Bonds	127,480	30,940	36,415	122,005	37,170
Certificates of Participation	207,278	-	48,581	158,697	3,670
Capital Leases	5,220	7,203	3,999	8,424	1,248
Lease Revenue Bonds	-	43,813	51	43,762	1,295
Loan Payable	4,000	25,000	348	28,652	602
Compensated Absences	21,674	12,437	12,350	21,761	12,398
Claims Liability Judgment	27,542	20,897	16,870	31,569	19,337
	-	10,000	-	10,000	3,333
Net OPEB Obligation	<u>10,133</u>	<u>3,269</u>	<u>865</u>	<u>12,537</u>	<u>-</u>
Total	<u>\$419,434</u>	<u>\$153,559</u>	<u>\$120,272</u>	<u>\$452,721</u>	<u>\$79,893</u>

\*Beginning balances have been restated to exclude the unamortized balances of deferred refunding charges that have been reclassified as deferred outflows of resources.

Business-type activities:

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$1,063,853	\$ -	\$32,014	\$1,031,839	\$32,080
Loan Payable	44,141	-	1,480	42,661	35,248
Notes Payable	29,680	-	1,543	28,137	1,589
Capital Leases	1,332	1,659	433	2,558	644
Landfill Capping	6,695	-	238	6,457	200
Arbitrage Liability	190	79	-	269	-
Water Stock Acquisition Rights	947	-	3	944	150
Compensated absences	7,497	6,492	6,351	7,638	6,389
Net OPEB Obligation	<u>7,663</u>	<u>2,878</u>	<u>761</u>	<u>9,780</u>	<u>-</u>
Total	<u>\$1,161,998</u>	<u>\$11,108</u>	<u>\$42,823</u>	<u>\$1,130,283</u>	<u>\$76,300</u>

\*Beginning balances have been restated to include compensated absences and to exclude the unamortized balances of deferred refunding charges that have been reclassified as deferred outflows of resources.

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

Long-Term Obligations at June 30, 2013:

Revenue Bonds:	<u>Principal Outstanding</u>
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Electric

\$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.	\$6,880
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\$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.	6,340
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\$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

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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. 138,265

\$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. 21,075

\$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. 53,750

Subtotal 576,430  
 Add: Unamortized bond premium 7,189  
**\$583,619**

Water

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

\$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. 24,715

\$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. 57,375

Subtotal 208,115  
 Add: Unamortized bond premium 3,888  
**\$212,003**

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. \$234,150  
 Add: Unamortized bond premium 2,067  
**\$236,217**

Total Revenue Bonds **\$1,031,839**

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
2014	\$ 20,685	\$ 24,543	\$ 45,228	\$ 4,360	\$ 8,475	\$ 12,835
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	12,745	22,620	35,365	5,180	7,814	12,994
2018	13,170	22,201	35,371	5,415	7,577	12,992
2019-2023	73,335	103,178	176,513	30,435	34,446	64,881
2024-2028	88,305	87,530	175,835	36,630	28,032	64,662
2029-2033	108,250	66,841	175,091	44,420	20,007	64,427
2034-2038	133,575	40,213	173,788	54,120	10,002	64,122
2039-2041	96,470	7,314	103,784	17,280	595	17,875
Premium	<u>7,189</u>	-	<u>7,189</u>	<u>3,888</u>	-	<u>3,888</u>
Total	<b><u>\$583,619</u></b>	<b><u>\$421,298</u></b>	<b><u>\$1,004,917</u></b>	<b><u>\$ 212,003</u></b>	<b><u>\$133,270</u></b>	<b><u>\$345,273</u></b>

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Fiscal Year	Sewer Utility Fund		
	Principal	Interest	Total
2014	\$ 7,035	\$ 10,436	\$ 17,471
2015	7,325	10,149	17,474
2016	7,660	9,811	17,471
2017	8,055	9,418	17,473
2018	8,410	9,063	17,473
2019-2023	35,240	40,695	75,935
2024-2028	34,940	33,376	68,316
2029-2033	43,920	24,394	68,314
2034-2038	55,475	12,839	68,314
2039-2040	26,090	1,235	27,325
Premium	2,067	-	2,067
Total	<u>\$236,217</u>	<u>\$161,416</u>	<u>\$397,633</u>

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.

Add: Unamortized bond premium  
Total General Obligation Bonds

Principal  
Outstanding

\$15,135  
179  
\$15,314

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

Fiscal Year	Principal	Interest	Total
2014	\$ 840	\$ 706	\$ 1,546
2015	900	671	1,571
2016	965	634	1,599
2017	1,040	592	1,632
2018	1,110	544	1,654
2019-2023	6,900	1,837	8,737
2024-2025	3,380	189	3,569
Premium	179	-	179
Total	<u>\$15,314</u>	<u>\$5,173</u>	<u>\$20,487</u>

Pension Obligation Bonds:

\$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.

\$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.

\$30,940 2013 Taxable Pension Obligation Refunding Bond Anticipation Notes; rate at June 30, 2013 was 0.65%, \$30,940 due June 1, 2014.

Total Pension Obligation Bonds

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

Fiscal Year	Principal	Interest	Total
2014	\$ 37,170	\$ 5,312	\$ 42,482
2015	7,050	4,759	11,809
2016	7,930	4,391	12,321
2017	8,880	3,971	12,851
2018	9,920	3,482	13,402
2019-2023	51,055	8,827	59,882
Total	<u>\$122,005</u>	<u>\$30,742</u>	<u>\$152,747</u>

Certificates of Participation:

\$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.

Principal  
Outstanding

\$ 70,370

20,695

30,940

\$122,005

Principal  
Outstanding

\$19,055

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2013**

(amounts expressed in thousands)

\$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.	119,300
\$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>
Subtotal	159,015
Less: Unamortized bond discount	<u>(318)</u>
Total Certificates of Participation	<u>\$158,697</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,670	5,913	9,583
2015	4,210	5,784	9,994
2016	4,445	5,634	10,079
2017	4,580	5,478	10,058
2018	4,720	5,316	10,036
2019-2023	26,505	23,892	50,397
2024-2028	31,830	18,673	50,503
2029-2033	38,455	12,245	50,700
2034-2038	37,850	4,333	42,183
2039-2040	2,750	229	2,979
Discount	<u>(318)</u>	-	<u>(318)</u>
Total	<u>\$158,697</u>	<u>\$87,497</u>	<u>\$246,194</u>

Lease Revenue Bonds – Governmental Activities:

On August 15, 2012, the City issued the Series 2012A Lease Revenue Refunding Bonds in the amount of \$41,240. The bonds were issued to refinance the 2003 Certificates of Participation. Interest on the bonds is payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2013. The rate of interest varies from 2% to 5% per annum depending on maturity date. Principal is payable in annual installments ranging from \$1,295 to \$2,840 commencing November 1, 2013 and ending November 1, 2033. The refunding transaction resulted in an economic gain of \$2,455 and a reduction of \$3,034 in future debt service payments.

Principal  
Outstanding

Add: Unamortized bond premium	<u>2,522</u>
Total Lease Revenue Bonds – Governmental Activities	<u>\$43,762</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$1,295	\$ 1,775	\$ 3,070
2015	1,330	1,743	3,073
2016	1,370	1,702	3,072
2017	1,420	1,653	3,073
2018	1,485	1,588	3,073
2019-2023	8,640	6,715	15,355
2024-2028	10,230	4,518	14,748
2029-2033	12,630	1,921	14,551
2034-2038	2,840	57	2,897
Premium	<u>2,522</u>	-	<u>2,522</u>
Total	<u>\$43,762</u>	<u>\$21,672</u>	<u>\$65,434</u>

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2013**

(amounts expressed in thousands)

<p>Loans Payable – Governmental Activities:</p> <p>In March 2012 the City entered into a financing arrangement in the amount of \$4,000 with Pinnacle Public Finance, Inc. for the construction of Ryan Bonaminio Park at the Tequesquite Arroyo. The debt will be paid with resources from the General Fund in semi-annual debt service payments of approximately \$468 per year over a 10 year period, which includes interest at an annualized rate of 3.05%.</p> <p>On July 19, 2012, the City secured financing in the amount of \$41,650 with BBVA Compass Bank for the renovation and expansion of the Riverside Convention Center. The financing consists of an initial 21-month variable rate interest only period during construction that has a swap transaction layered over the remaining 20-year amortization resulting in a “synthetic fixed” rate of 3.24% for 20 of the 22 years. At the end of the construction period, principal and interest are due on the first of each month, with equal payments each year of approximately \$2,850. As of June 30, 2013, the City had borrowed \$25,000.</p> <p>Total Loans Payable – Governmental Activities</p> <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><u>Principal Outstanding</u></p> <p>\$ 3,652</p> <p><u>25,000</u></p> <p><u>\$28,652</u></p> <p><u>Principal Outstanding</u></p> <p><u>\$42,661</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>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:</p> <table border="0" style="width: 100%;"> <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>Sewer Fund Interest</u></th> <th style="text-align: right;"><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>2014</td> <td style="text-align: right;">\$ 718</td> <td style="text-align: right;">\$ 99</td> <td style="text-align: right;">\$ 817</td> </tr> <tr> <td>2015</td> <td style="text-align: right;">731</td> <td style="text-align: right;">86</td> <td style="text-align: right;">817</td> </tr> <tr> <td>2016</td> <td style="text-align: right;">745</td> <td style="text-align: right;">72</td> <td style="text-align: right;">817</td> </tr> <tr> <td>2017</td> <td style="text-align: right;">759</td> <td style="text-align: right;">58</td> <td style="text-align: right;">817</td> </tr> <tr> <td>2018</td> <td style="text-align: right;">773</td> <td style="text-align: right;">44</td> <td style="text-align: right;">817</td> </tr> <tr> <td>2019-2021</td> <td style="text-align: right;"><u>1,448</u></td> <td style="text-align: right;"><u>49</u></td> <td style="text-align: right;"><u>1,497</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$5,174</u></td> <td style="text-align: right;"><u>\$408</u></td> <td style="text-align: right;"><u>\$5,582</u></td> </tr> </tbody> </table> <table border="0" style="width: 100%;"> <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>Public Parking Fund Interest</u></th> <th style="text-align: right;"><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>2014</td> <td style="text-align: right;">\$ 871</td> <td style="text-align: right;">\$ 876</td> <td style="text-align: right;">\$ 1,747</td> </tr> <tr> <td>2015</td> <td style="text-align: right;">905</td> <td style="text-align: right;">842</td> <td style="text-align: right;">1,747</td> </tr> <tr> <td>2016</td> <td style="text-align: right;">940</td> <td style="text-align: right;">807</td> <td style="text-align: right;">1,747</td> </tr> <tr> <td>2017</td> <td style="text-align: right;">977</td> <td style="text-align: right;">770</td> <td style="text-align: right;">1,747</td> </tr> <tr> <td>2018</td> <td style="text-align: right;">1,014</td> <td style="text-align: right;">733</td> <td style="text-align: right;">1,747</td> </tr> <tr> <td>2019-2023</td> <td style="text-align: right;">5,695</td> <td style="text-align: right;">3,039</td> <td style="text-align: right;">8,734</td> </tr> <tr> <td>2024-2028</td> <td style="text-align: right;">6,892</td> <td style="text-align: right;">1,842</td> <td style="text-align: right;">8,734</td> </tr> <tr> <td>2029-2032</td> <td style="text-align: right;"><u>5,669</u></td> <td style="text-align: right;"><u>444</u></td> <td style="text-align: right;"><u>6,113</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$22,963</u></td> <td style="text-align: right;"><u>\$9,353</u></td> <td style="text-align: right;"><u>\$32,316</u></td> </tr> </tbody> </table>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Sewer Fund Interest</u>	<u>Total</u>	2014	\$ 718	\$ 99	\$ 817	2015	731	86	817	2016	745	72	817	2017	759	58	817	2018	773	44	817	2019-2021	<u>1,448</u>	<u>49</u>	<u>1,497</u>	Total	<u>\$5,174</u>	<u>\$408</u>	<u>\$5,582</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Public Parking Fund Interest</u>	<u>Total</u>	2014	\$ 871	\$ 876	\$ 1,747	2015	905	842	1,747	2016	940	807	1,747	2017	977	770	1,747	2018	1,014	733	1,747	2019-2023	5,695	3,039	8,734	2024-2028	6,892	1,842	8,734	2029-2032	<u>5,669</u>	<u>444</u>	<u>6,113</u>	Total	<u>\$22,963</u>	<u>\$9,353</u>	<u>\$32,316</u>	<p><u>Principal Outstanding</u></p> <p>\$ 2,479</p> <p>2,695</p> <p><u>22,963</u></p> <p><u>\$28,137</u></p>
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**CITY OF RIVERSIDE**  
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**For the year ended June 30, 2013**

(amounts expressed in thousands)

Contracts – Enterprise Funds:	<u>Principal Outstanding</u>
Water stock acquisition rights payable on demand to various water companies	<u>\$944</u>
Capital Leases:	

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

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings and improvements	\$1,103	\$ -
Equipment	<u>7,151</u>	<u>4,423</u>
Subtotal	8,254	4,423
Less: Accumulated depreciation	<u>(2,476)</u>	<u>(1,173)</u>
Total	<u>\$5,778</u>	<u>\$3,250</u>

The future minimum lease obligations as of June 30, 2013 were as follows:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2014	\$1,685	\$ 700
2015	1,685	687
2016	1,685	324
2017	1,062	259
2018	1,062	259
Thereafter	1,714	505
Copiers	<u>80</u>	<u>8</u>
Total Minimum lease payments	8,973	2,742
Less: Amount representing interest (rates ranging from 1.6% to 9%)	<u>(549)</u>	<u>(184)</u>
Total capital lease payable	<u>\$8,424</u>	<u>\$2,558</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, 2013:

<u>Governmental long-term obligations:</u>	
Certificates of Participation	<u>\$10,207</u>
Total	<u>\$10,207</u>

<u>Enterprise funds:</u>	
Electric	\$22,369
Sewer	<u>20,142</u>
Total	<u>\$42,511</u>

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

<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 6/30/13</u>
Electric revenues	\$121,190	44,426	2.73
Water revenues	36,761	14,095	2.61
Sewer revenues	22,945*	18,356	1.25

\* Includes \$6,935 of cash set-aside in a rate stabilization account in accordance with applicable bond covenants.

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

**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

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2013**

(amounts expressed in thousands)

liability for the defeased debt issues are not included in the City's financial statements.

At June 30, 2013, the following amounts are considered defeased:

2003 Certificates of Participation       \$42,660

**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, 2013 was 100%. The remaining post closure period is currently 20 years.

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

**7. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Property insurance coverage has a limit of \$1,000,000, with a deductible of \$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, 2011	\$26,615
Incurred claims (including IBNR's)	12,286
Claim payments and adjustments	<u>(11,359)</u>
Unpaid Claims, June 30, 2012	27,542
Incurred claims (including IBNR's)	20,897
Claim payments and adjustments	<u>(16,870)</u>
Unpaid Claims, June 30, 2013	<u>\$31,569</u>

**8. Judgment**

In April 2013, the City settled a lawsuit challenging its century-old practice of transferring Water Fund monies to the General Fund. Under the settlement agreement, the General Fund agreed to pay \$10 million over a three year period beginning in fiscal year 2013/14. Accounting standards limit the amount of expenditures and liabilities that are recognized for claims and judgments in governmental funds to the amounts that will be liquidated with expendable available resources. Governments are normally expected to liquidate liabilities with expendable available financial resources to the extent that the liabilities mature (come due for payment) each period. Therefore, the judgment has been reflected as a liability in the government-wide statements and will be recognized as an expenditure in the General Fund when the payments become due.

**CITY OF RIVERSIDE**  
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**For the year ended June 30, 2013**

(amounts expressed in thousands)

9. Other Long-Term Obligations

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

Successor Agency Trust:

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Redevelopment Agency bonds	\$ 264,049	\$ -	\$ 7,827	\$256,222	\$ 7,930
Notes Payable	7,189	-	932	6,257	678
Commercial Loan	1,100	-	1,100	-	-
Total	<u>\$ 272,338</u>	<u>\$ -</u>	<u>\$ 9,859</u>	<u>\$262,479</u>	<u>\$8,608</u>

\*Beginning balances have been restated to exclude the unamortized balances of deferred refunding charges that have been reclassified as deferred inflows of resources.

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).	\$ 100
\$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.	11,935
\$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 Sept. 1, 2013; \$1,135 term bonds at 5.5% due Sept. 1, 2018; and \$3,020 term bonds at 5.625% due Sept. 1, 2027.	4,345

\$20,395 1999 Casa Blanca Project Area, Tax Allocation Bonds, Series A; \$8,925 serial bonds, 3.4% to 4.7% due in annual installments from \$455 to \$780 through Aug. 1, 2014; \$2,565 term bonds at 4.75% due Aug. 1, 2017; \$4,035 term bonds at 4.75% due Aug. 1, 2021; and \$4,870 term bonds at 5% due Aug. 1, 2025.	12,995
\$4,550 Arlington Redevelopment Project, 2004 Tax Allocation Bonds, Series A; \$420 term bonds at 3.8% due Aug. 1, 2014; \$615 term bonds at 4.6% due Aug. 1, 2024; \$3,515 term bonds at 4.7% due Aug. 1, 2034.	4,225
\$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.	2,140
\$26,255 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series A; 2% to 5% due in annual installments from \$545 to \$2,230 through October 1, 2024.	18,835
\$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.	3,170
\$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.	28,330
\$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.	19,155
\$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	

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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in annual installments from \$20 to \$590,000 through Aug. 1, 2025; \$4,980 term bonds at 4.5% due Aug. 1, 2029; \$410 term bonds at 4.375% due Aug. 1, 2037. 8,240

\$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. 355

\$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. 12,960

\$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. 87,650

\$43,875 University Corridor/Sycamore Canyon Merged Project Area, Arlington Project Area, Hunter Park/Northside Project Area, Magnolia Center Project Area, and La Sierra/Arlanza Project Area 2007 Tax Allocation Bonds, Taxable, Series D, \$15,740 term bonds due August 1, 2017; \$28,135 term bonds due August 1, 2032. 36,335

Subtotal 250,770  
Add: Unamortized bond premium 5,452  
Total Redevelopment Agency Bonds \$256,222

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 7,930	\$ 12,408	\$ 20,338
2015	8,310	12,047	20,357
2016	8,520	11,665	20,185
2017	8,905	11,256	20,161
2018	9,660	10,799	20,459
2019-2023	57,795	45,783	103,578
2024-2028	60,745	29,782	90,527
2029-2033	46,985	16,173	63,158
2034-2038	41,920	4,976	46,896
Premium	<u>5,452</u>	-	<u>5,452</u>
Total	<u>\$256,222</u>	<u>\$154,889</u>	<u>\$411,111</u>

Notes Payable – Successor Agency: Principal Outstanding

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

Pepsi Cola Bottling Company of Los Angeles, 10.5%, payable in net annual installments of \$341, subject to recording of completion. \$2,987

HUD Section 108 loan for University Village, 5.36% to 7.66%, payable in semi-annual installments beginning August 1, 1996 of \$272 to \$425 through August 1, 2015 1,125

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 2,145

Total notes payable – Successor Agency \$ 6,257

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 678	\$ 403	\$ 1,081
2015	736	380	1,116
2016	774	354	1,128
2017	403	333	736
2018	432	319	751
2019-2023	706	1,430	2,136
2024-2028	471	1,238	1,709
2029-2033	777	933	1,710
2034-2038	<u>1,280</u>	<u>430</u>	<u>1,710</u>
Total	<u>\$ 6,257</u>	<u>\$5,820</u>	<u>\$12,077</u>

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

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

<u>Description of Pledged Revenue</u>	<u>Annual Amount of Pledged Revenue (net of expenses, where required)*</u>	<u>Annual Debt Service Payments (of all debt secured by this revenue)</u>	<u>Debt Service Coverage Ratio for FYE 6/30/13</u>
Property Taxes:			
Non-Housing	\$37,811	\$15,313	2.47
Housing	8,244	2,769	2.98

\* The computations above are based on the total tax increment generated for the year ended June 30, 2013 for each project area that had been pledged as collateral for the Bonds. As discussed above, only a portion of tax increment has been actually remitted to the Successor Agency and reported as revenue in the accompanying financial statements.

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

As of June 30, 2013, the City has several series of Assessment District and Community Facility District Bonds outstanding in the amount of \$48,930. Bonds were issued for improvements in certain districts and are long-term obligations of the property owners. The City Treasurer acts as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if applicable. Since the debt does not constitute an obligation of the City, it is not reflected as a long-term obligation of the City and is not reflected in the accompanying basic financial statements.

**Conduit Debt Obligations**

Mortgage Revenue Bonds outstanding of \$6,540 and Industrial Development Revenue Bonds of \$1,910 are not included in the accompanying financial statements. These bonds are special obligations of third parties and payable solely from and secured by a pledge of the receipts received from loans and certain other reserve funds and related monies. The bonds are not payable from any other revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of the principal and interest on the bonds.

**10. Derivative Instruments**

**Interest Rate Swaps**

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

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The following is a summary of the derivative activity for the year ended June 30, 2013:

	<u>Notional Amount</u>	<u>Fair Value as of 6/30/13</u>	<u>Change in Fair Value for Fiscal Year</u>
<b>Governmental Activities</b>			
2008 Renaissance Certificates of Participation	\$128,300	(19,339)	10,633
2012 Convention Center Financing	41,650	1,026	1,026
<b>Business-Type Activities</b>			
2008 Electric Refunding/Revenue Bonds Series A	84,515	(9,645)	5,340
2008 Electric Refunding/Revenue Bonds Series C	57,325	(7,056)	4,528
2011 Electric Refunding/Revenue Bonds Series A	56,450	(7,028)	4,526
2011 Water Refunding/Revenue Bonds Series A	59,000	(7,884)	4,884

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

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

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

2008 Certificates of Participation mature on March 1, 2037. The loan with BBVA Compass Bank will be paid in full on April 1, 2034.

As of June 30, 2013 rates were as follows:

	<u>Terms</u>	<u>Rates</u>	<u>Rates</u>
<b>2011 Water Refunding/Revenue Bonds Series A</b>			
Interest rate swap:			
Fixed payment to counterparty	Fixed	3.20000%	3.20100%
Variable payment from counterparty	62.68 LIBOR + 12 bps	<u>(0.26049%)</u>	<u>(0.26036%)</u>
Net interest rate swap payments		2.93951%	2.94064%
Variable-rate bond coupon payments		<u>0.20403%</u>	<u>0.15723%</u>
Synthetic interest rate on bonds		<u>3.14354%</u>	<u>3.09787%</u>
<b>2008 Electric Refunding/Revenue Bonds Series C</b>			
Interest rate swap:			
Fixed payment to counterparty	Fixed	3.20400%	3.11100%
Variable payment from counterparty	62.68 LIBOR + 12 bps	<u>(0.46435%)</u>	<u>(0.46286%)</u>
Net interest rate swap payments		2.73965%	2.64814%
Variable-rate bond coupon payments		<u>0.40613%</u>	<u>0.40854%</u>
Synthetic interest rate on bonds		<u>3.14578%</u>	<u>3.05668%</u>
<b>COP 2008 Bonds</b>			
Interest rate swap:			
Fixed payment to counterparty	Fixed	3.36200%	
Variable payment from counterparty	63.00 LIBOR + 7 bps	<u>(0.43809%)</u>	
Net interest rate swap payments		2.92391%	
Variable-rate bond coupon payments		<u>0.43967%</u>	
Synthetic interest rate on bonds		<u>3.36358%</u>	

**CITY OF RIVERSIDE**  
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The Convention Center financing consists of an initial 21-month variable rate interest only period during construction, which swaps to a “synthetic fixed” rate of 3.24% for the remaining 20-year amortization. The swap transaction is expected to commence in April 2014.

Fair Value: As of June 30, 2013, in connection with all swap arrangements, the transactions had a combined net negative fair value of <\$49,926>. Because the coupons on the City’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value decrease. The fair value was developed by a pricing service using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Credit risk: The City is exposed to credit risk on one of its derivative instruments that has a positive fair value. The counterparty for this swap is BBVA/Compass Bank. To mitigate credit risk, the City has the ability to offset swap payments due to it from BBVA/Compass pursuant to the swap, against current and future rental payments required to be made by the City to Compass Mortgage Corporation under the lease agreement. The City is not exposed to credit risk on the remaining swaps because those swaps have a negative fair value. The swap counterparties, Bank of America, 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 for these swaps, the swap agreements require the fair value of the swap to be collateralized by the counterparty with U.S. Government securities if the counterparties’ rating decreases to negotiated trigger points. Collateral would be posted with a third-party custodian. At June 30, 2013, there is no requirement for collateral posting for any of the outstanding swaps.

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

Termination risk: The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master

Agreement includes an “additional termination event.” That is, a swap may be terminated by the City if either counterparty’s credit quality falls below “BBB-“ as issued by Standard and Poor’s. The City or the counterparty may terminate a swap if the other party fails to perform under the terms of the contract. If a swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination a swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap’s fair value.

Swap payments and associated debt: As of June 30, 2013, 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	Total
	Principal	Interest	Swaps, Net	
2014	\$ 7,144	\$ 1,678	\$ 10,531	\$ 19,353
2015	10,492	1,910	10,778	23,180
2016	18,263	1,837	10,341	30,441
2017	17,314	1,757	9,867	28,938
2018	13,217	1,684	9,489	24,390
2019-2023	82,771	7,247	41,243	131,261
2024-2028	87,811	5,067	29,765	122,643
2029-2033	102,099	2,607	16,983	121,689
2034-2038	71,229	432	3,371	75,032
Total	<u>\$410,340</u>	<u>\$24,219</u>	<u>\$142,368</u>	<u>\$576,927</u>

11. Economic Contingency

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

12. Interfund Assets, Liabilities and Transfers

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

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The following table shows amounts receivable/payable between funds within the City at June 30, 2013:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 246
	Capital Outlay Fund	20,065
	Nonmajor Enterprise Funds	1,303
	Self-Insurance Trust *	<u>265</u>
		21,879
Electric	Central Stores *	<u>1,765</u>
Water	Central Stores *	<u>756</u>
Total		<u>\$24,400</u>

\* Internal service fund

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

The following table shows amounts advanced from funds within the City to other funds within the City at June 30, 2013:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Electric	\$11,781
	Water	5,069
	Sewer	3,243
	Nonmajor Governmental Funds	539
	Nonmajor Enterprise Funds	2,179
	Self-Insurance Trust *	213
	Central Stores *	223
	Central Garage *	<u>1,003</u>
		24,250
Self-Insurance Trust *	Nonmajor Enterprise Funds	591
	General	258
	Nonmajor Governmental Funds	<u>3,918</u>
		4,767
Sewer	Nonmajor Governmental Funds	<u>7,581</u>
Total		<u>\$36,598</u>

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

<u>Receivable Fund</u>	<u>Amount</u>
General	\$ 680
Nonmajor Governmental Funds	39,739
Electric	5,742
Sewer	4,392
Self-Insurance Trust *	<u>5,578</u>
Total	<u>\$56,131</u>

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

The following table shows amounts transferred to/from funds within the City as of June 30, 2013:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General	Electric	\$37,186
	Water	6,579
	Nonmajor Governmental Funds	<u>350</u>
		44,115
Nonmajor Governmental Funds	General Fund	8,897
	Capital Outlay Fund	201
	Nonmajor Governmental Funds	2,519
	Nonmajor Enterprise Funds	<u>840</u>
		12,457
Electric	Central Garage *	<u>33</u>
Water	Central Garage *	<u>33</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	2,211
	Central Garage *	<u>66</u>
		2,277
Total		<u>\$58,915</u>



### 13. Deficit Net Position

Deficit net position exists in the Self-Insurance Internal Service Trust Fund (\$21,739). In order to begin funding a portion of the deficit in the internal service fund, self-insurance rates were increased in the current year. However, this was offset by unusually large losses incurred during the year combined with an adjustment for the increase in the amount estimated for claims and judgments. Management believes that there are sufficient funds on hand to cover current payment obligations and plans to continue to control costs and increase rates over the next few years as needed to match expected long-term payment requirements.

Deficit net position also exists in the Successor Agency Private-Purpose Trust Fund (\$211,506). The deficit in the Successor Agency Trust Fund will be reduced over the years as the related debt is paid-off with funds received from the Redevelopment Property Tax Trust Fund (RPTTF), which is administered by the County Auditor-Controller.

### 14. Litigation

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

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

### 15. City Employees Retirement Plan

(A) Plan Description. The City of Riverside contributes to the California Public Employees Retirement System (CalPERS), an agent multiple employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment

and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Benefit provisions and all other requirements are established by state statute and City ordinance. A copy of CalPERS' annual financial report may be obtained online at [www.calpersca.gov](http://www.calpersca.gov).

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

#### Safety (Police):

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

#### Safety (Fire):

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

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Miscellaneous:

- 1<sup>st</sup> Tier - The retirement formula is 2.7% at age 55. The City pays the employee share (8%) of contributions on their behalf and for their account.
- 2<sup>nd</sup> Tier - The retirement formula is 2.7% at age 55, and:
  - SEIU and SEIU Refuse employees hired on or after June 7, 2011 pay their share (8%) of contributions.
  - All other miscellaneous employees hired on or after October 19, 2011 pay their share (8%) of contributions.
- 3<sup>rd</sup> Tier – The retirement formula is 2% at age 62 for new members hired on or after January 1, 2013 and the employee must pay the employee share ranging from 7-8% based on bargaining group classification. Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

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

(C) Annual Pension Cost. The required contribution was determined as part of the June 30, 2010 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).

Three-year trend information for CalPERS:

Fiscal Year	Plan	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation (Asset)
June 30, 2011	Misc	\$16,888	92.4%	\$(55,253)
2011	Safety	14,956	86.7%	(82,379)
2012	Misc	21,661	92.8%	(53,694)
2012	Safety	18,542	86.6%	(79,890)
2013	Misc	21,907	91.5%	(51,825)
2013	Safety	18,945	83.9%	(76,846)

In 2004 and 2005, the City issued pension obligation bonds to fund the unfunded actuarial accrued liability for safety and miscellaneous employees. The deferred charge related to the net pension asset will be amortized in accordance with the method used by CalPERS for calculating actuarial gains and losses over a 19-year period. A total of \$128,671 of net pension assets is included in the Government-wide Statement of Net Position and in the proprietary fund statements.

Determination of Net Pension Asset as of June 30, 2013:

	Misc	Safety
Annual required contribution	\$ 20,038	\$ 15,901
Interest on net pension asset	(4,161)	(6,191)
Adjustment to annual required contribution	<u>6,030</u>	<u>9,235</u>
Annual pension cost	21,907	18,945
Less contributions made	<u>(20,038)</u>	<u>(15,901)</u>
Decrease in net pension asset	1,869	3,044
Net pension asset, beginning of year	<u>(53,694)</u>	<u>(79,890)</u>
Net pension asset, end of year	<u>\$(51,825)</u>	<u>(76,846)</u>

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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.	6/30/09	\$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
Misc.	6/30/11*	998,216	887,857	110,359	88.9	108,106	102.1
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
Safety	6/30/11*	731,074	650,954	80,120	89.0	62,538	128.1

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

16. Other Post-Employment Benefits

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

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

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

The City's annual OPEB cost (expense) is reported based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB 45. The ARC represents a level of

funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) (UAAL) over a period not to exceed thirty years. The ARC for the year ended June 30, 2013 was \$6,011, which consisted of normal cost of \$3,383 and UAAL amortization of \$2,628. The ARC as a percentage of payroll was 3.9% for the year ended June 30, 2013.

As of June 30, 2011, the most recent actuarial valuation date, the OPEB plan was 0.0% funded. The actuarial accrued liability for benefits was \$56 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$56 million.

Determination of the Net OPEB Obligation as of June 30, 2013:

Annual required contribution	\$ 6,011
Interest on net OPEB obligation	766
Amortization of net OPEB obligation	<u>(630)</u>
Annual benefit pension cost	6,147
Less contributions made	<u>(1,626)</u>
Increase in net OPEB obligation	4,521
Net OPEB liability, beginning of year	<u>17,796</u>
Net OPEB liability, end of year	<u>\$22,317</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The method used by the actuary was the entry age normal cost method. The actuarial assumptions included (a) discount rate of 4.30%, (b) 2.75% inflation, (c) projected salary increases of 3.25% annually and (d) healthcare cost trend rates ranging from 4.5% to 8.0%.

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

**CITY OF RIVERSIDE  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the year ended June 30, 2013**

(amounts expressed in thousands)

*Three-year trend information:*

Fiscal Year June 30,	ARC	Actual Contributions	% of ARC Contributed
2011	\$5,617	\$1,734	31%
2012	5,821	1,426	25%
2013	6,011	1,626	27%

Fiscal Year June 30,	Annual OPEB Cost	% of OPEB Cost Contributed	Net OPEB Obligation
2011	\$5,314	33%	\$13,433
2012	5,789	25%	17,796
2013	6,147	26%	22,317

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

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability (UL)	Funded Ratio	Annual Covered Payroll	UL as a % of Covered Payroll
6/30/11	\$56,060	\$ -	\$56,060	0%	\$149,321	38%

17. Commitments and Contingencies

A. Long-Term Electric Utility Commitments

Intermountain Power Agency

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

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

Southern California Public Power Authority

On November 1, 1980, the City of Riverside joined with the Imperial Irrigation District and the cities of Los Angeles, Anaheim, Vernon, Azusa, Banning, Colton, Burbank, Glendale and Pasadena to create the Southern California Public Power Authority (SCPPA) by a Joint Powers Agreement under the laws of the State of California. As of July 2001, the City of Cerritos was admitted as a member. The primary purpose of SCPPA is to plan, finance, develop, acquire, construct, operate and maintain projects for the generation and transmission of electric energy for sale to its participants. SCPPA is governed by a Board of Directors, which consists of one representative for each of the members. During the 2012-13 and 2011-12 fiscal years, the Electric Utility paid approximately \$16,171 and \$20,855, 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)	5.4%	12.3MW
Southern Transmission System (STS)	10.2%	244.0MW
Hoover Dam Upgrading (Hoover)	31.9%	30.0MW
Mead – Phoenix Transmission (MPP)	4.0%	18.0MW
Mead – Adelanto Transmission (MAT)	13.5%	118.0MW

Terms of Take or Pay Commitments

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

Outstanding debts associated with the take-or-pay obligations have variable interest rates for the Palo Verde Nuclear Generating Station Project and the remaining projects have fixed interest rates which range from 0.35 percent to 6.13 percent. The schedule below details the amount of principal and interest that is due and payable by the Electric Utility as part of the take-or-pay contract for each project in the fiscal year indicated.

**CITY OF RIVERSIDE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2013**

(amounts expressed in thousands)

Fiscal Year	SCPPA						Total
	IPA	PV	STS	Hoover	MPP	MAT	
2014	\$ 6,876	\$ 664	\$ 8,181	\$ 705	\$ 333	\$ 3,273	\$ 20,032
2015	21,289	668	8,335	703	277	3,141	34,413
2016	21,965	672	9,823	701	261	2,959	36,381
2017	17,825	675	6,685	701	262	2,952	29,100
2018	16,398	679	7,980	699	258	2,910	28,924
Thereafter	84,917	-	62,242	-	700	7,877	155,736
Total	<u>\$169,270</u>	<u>\$ 3,358</u>	<u>\$103,246</u>	<u>\$ 3,509</u>	<u>\$ 2,091</u>	<u>\$23,112</u>	<u>\$304,586</u>

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

Project	Final Maturity	Contract Expiration
Palo Verde Nuclear Generating Station	2017	2030
Southern Transmission System	2027	2027
Hoover Dam Upgrading	2017	2017
Mead – Phoenix Transmission	2020	2030
Mead – Adelanto Transmission	2020	2030

In addition to debt service, Riverside’s entitlements require the payment of fuel costs, operating and maintenance, administrative and general and other miscellaneous costs associated with the generation and transmission 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, 2013 and 2012, are as follows (in thousands):

Fiscal Year	IPA	PV	STS	MAT	MPT	Hoover	Total
2013	\$26,445	\$2,528	\$2,405	\$ 338	\$ 41	\$ 97	\$31,854
2012	\$22,555	\$2,843	\$2,677	\$ 300	\$ 40	\$ 102	\$28,517

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

**B. Other Commitments**

**Power Purchase Agreements:**

The Electric Utility has a firm power purchase agreement with Bonneville Power Administration (BPA) for the purchase of capacity (50 megawatts during the summer months and 13 megawatts during the winter months) beginning April 30, 1996, for 20 years. Effective May 1, 1998, these summer and winter capacity amounts increased to 60 megawatts and 15 megawatts,

respectively, for the remainder of the second agreement. On January 29, 2013, Riverside revised the delivery and return portion of the agreement to allow for a flat 40 MW of delivery during May and June through calendar year 2013, 2014 and 2015. The Agreement with BPA will terminate on May 1, 2016.

On April 12, 2011, the California Renewable Energy Resources Act (SB 2 (1X)) was passed by the State Legislative and signed by the Governor. SB 2 (1X) revised the amount of statewide retail electricity sales from renewable resources in the State Renewable Energy Resources Program to 33% by December 31, 2020 in three stages: average of 20% of retail sales during 2011-2013; 25% of retail sales by December 31, 2016; and 33% of retail sales by December 31, 2020. The Riverside Public Utilities Board and City Council approved the enforcement program required by SB 2 (1X) on November 18, 2011 and December 13, 2011, respectively, and further approved the City’s RPS Procurement plan implementing the new RPS mandates on May 3, 2013 and May 14, 2013, respectively. It is expected that the City will be able to meet the new mandates with new resource procurement actions as outlined in the City’s RPS Procurement Plan. For Calendar year 2012, renewable resources provided 21% of retail sales requirements.

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

Long-term renewable power purchase agreements:

Supplier	Type	Maximum Contract	Contract Expiration	Estimated Annual Cost for 2014
Salton Sea Power LLC	Geothermal	46.0MW	5/31/20	\$ 24,170
CalEnergy	Geothermal	86.0MW	12/31/39	-
Wintec	Wind	1.3MW	12/30/18	209
WKN Wagner	Wind	6.0MW	12/22/32	1,100
AP North Lake	Photovoltaic	20.0MW	*	-
Silverado Power				
Summer Solar	Photovoltaic	20.0MW	*	-
Antelope Big Sky Ranch	Photovoltaic	20.0MW	*	-
Total		<u>199.3MW</u>		<u>\$25,479</u>

\* Power Purchase Agreements have a 25-year term. The contract expiration dates are 25 years from the commercial operation of the power plant. The

plants are expected to become commercially operational by January 1, 2015, but in no event later than December 31, 2015.

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.

#### Construction Commitments:

As of June 30, 2013, the Sewer and Electric Utilities had approximately \$185.6 million and \$14.7 million, respectively, in major construction commitments related to unfinished capital projects. The Capital Outlay Fund also had major construction commitments of approximately \$7.5 million related to the renovation and expansion of the Riverside Convention Center. These construction commitments are expected to be funded primarily with current and future bond proceeds.

#### C. Jointly-Owned Utility Project - SONGS

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

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

In 2005, the CPUC authorized a project to install four new steam generators in Units 2 and 3 at SONGS and remove and dispose of the predecessor generators. SCE completed the installation of these steam generators in 2010 and 2011 for Units 2 and 3, respectively.

Replacement of the steam generators was expected to enable plant operations to continue through at least 2022, and perhaps beyond, subject to the approval of the Nuclear Regulatory Commission (NRC).

In January 2012, a water leak occurred in one of the heat transfer tubes of Unit 3's steam generators, causing it to be shut down. At that time, Unit 2 was off-line for a planned outage when unexpected wear in areas of tube-to-support structure were found. Units 2 and 3 remained off-line for extensive inspections, testing and analysis of their steam generators. Due to challenges encountered during the regulatory process to bring the units back into operation SCE announced on June 7, 2013 its plan to retire Units 2 and 3 permanently.

The current plant site easement for SONGS terminates on May 12, 2024 and would need to be extended in order for the plant to be decommissioned and the site restored.

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. Due to the retirement of SONGS Units 2 and 3, the asset and associated costs such as nuclear fuel and common facilities inventory has been written off totaling \$41,259 to (see note 18 - Extraordinary Item). The Electric Utility will continue to set aside approximately \$1,600 per year to fund decommissioning costs. The Electric Utility's portion of current and long-term debt associated with the decommissioning of SONGS is included in the accompanying financial statements.

#### Replacement Power Costs

During the outage, the City has procured replacement power to serve its customers' requirements. These costs are in addition to the operating and maintenance expenses paid annually during normal operations. Replacement power costs incurred by the City as a result of the outage (commencing on January 31, 2012 for Unit 3 and March 5, 2012 for Unit 2) through June 30, 2013 were approximately \$13.2 million and are reported as regulatory assets on the Statements of Net Position.

#### Contractual Matters

The replacement steam generators for Units 2 and 3 were designed and manufactured by Mitsubishi Heavy Industries (MHI) and were warranted for an initial period of 20 years from acceptance. MHI was contractually

obligated to repair or replace defective items and to pay specified damages for certain repairs. On July 18, 2012, the NRC issued a report providing the result of the inspection performed by the Augmented Inspection Team. The inspection concluded that faulty computer modeling that inadequately predicted conditions in the steam generators at SONGS and manufacturing issues contributed to excessive wear of the components. This report also identified a number of still unresolved issues that are continuing to be examined. MHI's liability under the purchase agreement is limited to \$138 million and excludes consequential damages, defined to include "the cost of replacement power." The limitations are subject to certain exceptions. SCE has reported that the disagreement with MHI as to whether MHI's liability is not limited to \$138 million may ultimately become subject to dispute resolution procedures contained in the purchase agreement, including international arbitration. SCE, on behalf of itself and the other SONGS co-owners, has submitted five invoices to MHI totaling \$139 million for steam generator repair costs incurred through February 28, 2013. MHI paid the first invoice of \$45 million (of which the City has received its proportional share of \$812), while reserving its right to challenge any of the charges in the invoice. In January 2013, MHI advised SCE that it rejected a portion of the first invoice and required further documentation regarding the remainder of it. The City expects to receive its proportional share of any recovery that SCE receives from MHI.

There are insurance policies for both property damage and accidental outage issued by Nuclear Electric Insurance Limited (NEIL), and SCE has notified NEIL of claims under the two policies. The City is a named insured on the SCE insurance policies covering SONGS and will assist SCE in pursuing claims recoveries from NEIL, as well as warranty claims with MHI, but there is no assurance that the City will recover all or any of its applicable costs under these arrangements. To the extent that any third-party recoveries are made, they will reduce cost to the Utility. At this time, the City continues to collect from customers, through its rates, the City's share of the operating costs related to SONGS.

According to a news release issued by SCE on July 18, 2013, SCE served a formal Notice of Dispute on MHI and Mitsubishi Nuclear Energy Systems and initiated a 90-day dispute resolution process under the purchase agreement. On July 18, 2013, the City filed a lawsuit against MHI for breach of contract, negligence and misrepresentation in San Diego County Superior Court. On July 24, 2013, MHI moved the lawsuit to the United States District Court for the Southern District of California.

18. Extraordinary Item

On June 7, 2013, SCE announced its decision to retire Units 2 and 3 of SONGS permanently. Consequently, the units are no longer a source of supply for the Electric Utility. As a result, capital assets associated with Units 2 and 3 with a combined net book value of \$29,075 were considered impaired and expensed. The associated nuclear fuel with a net book value of \$10,149 and common facilities inventory with a net book value of \$2,035 were also considered impaired and expensed. The total loss of \$41,259 is reported as an extraordinary item on the Statement of Revenues, Expenses and Changes in Net Position.

19. Accounting Change

The accompanying financial statements reflect the implementation of GASB Statements Nos. 63 and 65. Significant impacts of GASB Statement No. 63 include changing the title of the statement of net assets to the statement of net position and reformatting the statement of net position to add separate sections for deferred inflows of resources and deferred outflows of resources. Significant impacts of GASB Statement No. 65 include reclassifying as deferred inflows of resources and deferred outflows of resources certain balances that were previously reported as assets and liabilities. GASB Statement No. 65 also required that debt issuance costs be reported as expenses when incurred. The retroactive effects of implementing this change in reporting debt issuance costs resulted in a restatement of beginning net position as set forth below:

	Governmental Activities	Successor Agency Private-Purpose Trust Fund
Net position/(deficit) at beginning of year, as previously reported	\$1,189,167	\$(194,543)
Adjustment to recognize debt issuance costs as an expense of prior periods	<u>(3,212)</u>	<u>(5,215)</u>
Net position/(deficit) at beginning of year, as restated	<u>\$1,185,955</u>	<u>\$(199,758)</u>

20. Subsequent Events

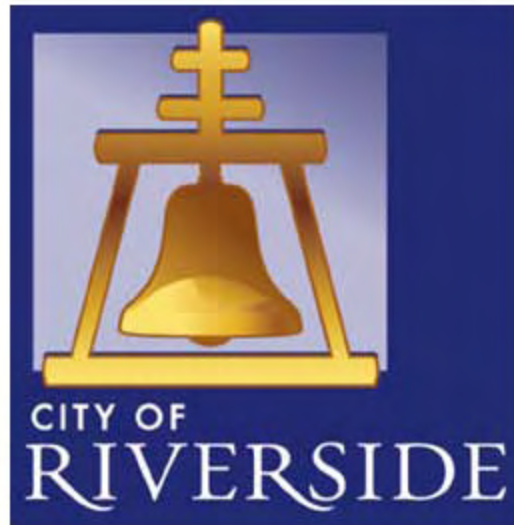
2013 Electric Revenue Refunding Bonds:

On July 25, 2013 the City issued \$79,080 of 2013 Electric Revenue Refunding Series A Bonds and \$780 of Taxable Electric Revenue Series B Bonds. The bonds were issued to: prepay the outstanding obligation to the City of Corona related to the Clearwater Power Plant; to refund certain outstanding variable rate bonds; and to pay a portion of the termination cost associated with the interest rate swaps allocated or related to the refunded portions of the applicable bonds. Interest on the Series A bonds is payable semi-annually on April 1 and October 1, commencing October 1, 2013. Principal is due in annual installments from \$175 to \$12,685 through October 1, 2043. The rate of interest varies from 3% to 5.25% per annum. Series B bonds, with an interest rate of 0.5%, is due in one installment of \$780 on October 1, 2013.

2013 Certificates of Participation:

In July 2013 the City issued Series 2013 Certificates of Participation in the amount of \$35,235. The Certificates of Participation were issued to finance the design, acquisition, and construction of certain local roadway improvements and street resurfacing projects within the City. Interest is due semi-annually on June 1 and December 1, commencing December 1, 2013. The rate of interest varies from 4.00% to 5.25% per annum. Principal is payable in annual installments ranging from \$1,285 to \$2,855 commencing June 1, 2016 and ending June 1, 2033.





## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

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

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

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

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

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

### **Capital Projects Funds**

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

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

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

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

### **Debt Service Fund**

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

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

### **Permanent Fund**

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

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

City of Riverside  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013  
(amounts expressed in thousands)

	<b>Special Revenue</b>						
	<b>Urban Areas Security Initiative</b>	<b>Gas Tax</b>	<b>Air Quality Improvements</b>	<b>Housing &amp; Community Development</b>	<b>NPDES Storm Drain</b>	<b>Housing</b>	<b>Total</b>
<b>Assets</b>							
Cash and investments	\$ -	\$ 14,529	\$ 314	\$ 384	\$ -	\$ 1,947	\$ 17,174
Cash and investments at fiscal agent	-	-	218	-	-	192	410
Receivable (net of allowance for uncollectibles):							
Interest	-	78	2	5	-	13	98
Accounts	-	-	-	2	-	-	2
Intergovernmental	371	134	-	3,005	302	-	3,812
Notes	-	-	-	12,415	-	20,630	33,045
Prepaid items	-	-	-	2	-	-	2
Advances to Successor Agency	-	-	-	-	-	20,571	20,571
Land & improvements held for resale	-	-	-	1,404	-	3,305	4,709
Total assets	<u>\$ 371</u>	<u>\$ 14,741</u>	<u>\$ 534</u>	<u>\$ 17,217</u>	<u>\$ 302</u>	<u>\$ 46,658</u>	<u>\$ 79,823</u>
<b>Liabilities</b>							
Accounts payable	\$ 251	\$ 391	\$ 74	\$ 2,022	\$ -	\$ 30	\$ 2,768
Accrued payroll	-	-	-	25	-	-	25
Deposits	-	-	-	-	-	20	20
Due to other funds	120	-	-	-	126	-	246
Advance from other funds	-	-	-	539	-	458	997
Total liabilities	<u>371</u>	<u>391</u>	<u>74</u>	<u>2,586</u>	<u>126</u>	<u>508</u>	<u>4,056</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	-	-	-	13,819	-	20,552	34,371
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,819</u>	<u>-</u>	<u>20,552</u>	<u>34,371</u>
<b>Fund Balances (Deficits)</b>							
Restricted for:							
Housing and redevelopment	-	-	-	812	-	25,598	26,410
Transportation and public works	-	14,350	460	-	176	-	14,986
Total fund balances (deficits)	<u>-</u>	<u>14,350</u>	<u>460</u>	<u>812</u>	<u>176</u>	<u>25,598</u>	<u>41,396</u>
Total liabilities deferred inflows of resources, and fund balances (deficits)	<u>\$ 371</u>	<u>\$ 14,741</u>	<u>\$ 534</u>	<u>\$ 17,217</u>	<u>\$ 302</u>	<u>\$ 46,658</u>	<u>\$ 79,823</u>

City of Riverside  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013  
(amounts expressed in thousands)

Assets	Capital Projects				General Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
	Special Capital Improvement	Storm Drain	Transportation	Total		Library Special	
Cash and investments	\$ 2,951	\$ 1,985	\$ 69	\$ 5,005	\$ 710	\$ 1,441	\$ 24,330
Cash and investments at fiscal agent	4,164	-	-	4,164	10,343	-	14,917
Receivable (net of allowance for uncollectibles):							
Interest	25	10	-	35	-	-	133
Accounts	-	-	-	-	-	-	2
Intergovernmental	-	-	-	-	-	-	3,812
Notes	-	-	-	-	-	-	33,045
Prepaid items	-	-	-	-	-	-	2
Advances to Successor Agency	-	-	-	-	19,168	-	39,739
Land & improvements held for resale	-	-	-	-	-	-	4,709
Total assets	<u>\$ 7,140</u>	<u>\$ 1,995</u>	<u>\$ 69</u>	<u>\$ 9,204</u>	<u>\$ 30,221</u>	<u>\$ 1,441</u>	<u>\$ 120,689</u>
<b>Liabilities</b>							
Accounts payable	\$ 213	\$ 24	\$ -	\$ 237	\$ 158	\$ -	\$ 3,163
Accrued payroll	-	-	-	-	-	-	25
Retainage payable	33	-	-	33	-	-	33
Deposits	-	-	-	-	-	-	20
Due to other funds	-	-	-	-	-	-	246
Advance from other funds	6,862	-	-	6,862	4,179	-	12,038
Total liabilities	<u>7,108</u>	<u>24</u>	<u>-</u>	<u>7,132</u>	<u>4,337</u>	<u>-</u>	<u>15,525</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	-	-	-	-	-	-	34,371
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,371</u>
<b>Fund Balances (Deficits)</b>							
Nonspendable:							
Permanent fund principal	-	-	-	-	-	1,441	1,441
Restricted for:							
Housing and redevelopment	-	-	-	-	-	-	26,410
Debt Service	-	-	-	-	25,884	-	25,884
Transportation and public works	-	-	69	69	-	-	15,055
Other purposes	32	1,971	-	2,003	-	-	2,003
Total fund balances (deficits)	<u>32</u>	<u>1,971</u>	<u>69</u>	<u>2,072</u>	<u>25,884</u>	<u>1,441</u>	<u>70,793</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 7,140</u>	<u>\$ 1,995</u>	<u>\$ 69</u>	<u>\$ 9,204</u>	<u>\$ 30,221</u>	<u>\$ 1,441</u>	<u>\$ 120,689</u>

City of Riverside  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2013  
(amounts expressed in thousands)

	Special Revenue						Total
	Urban Area Security Initiative	Gas Tax	Air Quality Improvement	Housing & Community Development	NPDES Storm Drain	Housing	
<b>Revenues</b>							
Intergovernmental	\$ 4,745	\$ 7,078	\$ 369	\$ 7,738	\$ -	\$ -	\$ 19,930
Special assessments	-	-	-	-	837	-	837
Rental and investment income	-	65	-	18	-	101	184
Miscellaneous	-	-	255	851	-	729	1,835
Total revenues	<u>4,745</u>	<u>7,143</u>	<u>624</u>	<u>8,607</u>	<u>837</u>	<u>830</u>	<u>22,786</u>
<b>Expenditures</b>							
Current:							
General government	-	-	1,059	1,384	-	1,250	3,693
Public safety	4,745	-	-	-	-	-	4,745
Capital outlay	-	4,808	-	7,273	661	-	12,742
Debt service:							
Interest	-	-	-	14	-	5	19
Bond issuance costs	-	-	-	12	-	-	12
Total expenditures	<u>4,745</u>	<u>4,808</u>	<u>1,059</u>	<u>8,683</u>	<u>661</u>	<u>1,255</u>	<u>21,211</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>2,335</u>	<u>(435)</u>	<u>(76)</u>	<u>176</u>	<u>(425)</u>	<u>1,575</u>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	1,111	1,111
Transfers out	-	-	-	(961)	-	(150)	(1,111)
Capital lease proceeds	-	-	218	-	-	-	218
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>218</u>	<u>(961)</u>	<u>-</u>	<u>961</u>	<u>218</u>
Net change in fund balances	-	2,335	(217)	(1,037)	176	536	1,793
Fund balances - beginning	-	12,015	677	1,849	-	25,062	39,603
Fund balances - ending	<u>\$ -</u>	<u>\$ 14,350</u>	<u>\$ 460</u>	<u>\$ 812</u>	<u>\$ 176</u>	<u>\$ 25,598</u>	<u>\$ 41,396</u>

City of Riverside  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2013  
(amounts expressed in thousands)

	Capital Projects				General Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
	Special Capital Improvement	Storm Drain	Transportation	Total		Library Special	
<b>Revenues</b>							
Licenses and permits	\$ 2,499	\$ 279		\$ 2,778	\$ -	\$ -	2,778
Intergovernmental	-	-	96	96	-	-	20,026
Special assessments	-	-	-	-	1,056	-	1,893
Rental and investment income	22	-	1	23	1,399	13	1,619
Miscellaneous	3,912	-	39	3,951	770	-	6,556
Total revenues	<u>6,433</u>	<u>279</u>	<u>136</u>	<u>6,848</u>	<u>3,225</u>	<u>13</u>	<u>32,872</u>
<b>Expenditures</b>							
Current:							
General government	131	3	-	134	45	-	3,872
Public safety	-	-	-	-	-	-	4,745
Culture and recreation	53	-	-	53	-	111	164
Capital outlay	3,617	669	96	4,382	-	-	17,124
Debt service:							
Principal	-	-	-	-	3,555	-	3,555
Interest	79	-	-	79	8,237	-	8,335
Bond issuance costs	-	-	-	-	220	-	232
Payment to escrow account for advance refunding	-	-	-	-	3,521	-	3,521
Total expenditures	<u>3,880</u>	<u>672</u>	<u>96</u>	<u>4,648</u>	<u>15,578</u>	<u>111</u>	<u>41,548</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,553</u>	<u>(393)</u>	<u>40</u>	<u>2,200</u>	<u>(12,353)</u>	<u>(98)</u>	<u>(8,676)</u>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	11,346	-	12,457
Transfers out	(1,558)	-	-	(1,558)	(2,411)	-	(5,080)
Issuance of long-term debt	-	-	-	-	41,240	-	41,240
Capital lease proceeds	-	-	-	-	-	-	218
Other financing source - bond premium	-	-	-	-	2,573	-	2,573
Payment to escrow account for advance refunding	-	-	-	-	(43,591)	-	(43,591)
Total other financing sources (uses)	<u>(1,558)</u>	<u>-</u>	<u>-</u>	<u>(1,558)</u>	<u>9,157</u>	<u>-</u>	<u>7,817</u>
Net change in fund balances	995	(393)	40	642	(3,196)	(98)	(859)
Fund balances - beginning	(963)	2,364	29	1,430	29,080	1,539	71,652
Fund balances - ending	<u>\$ 32</u>	<u>\$ 1,971</u>	<u>\$ 69</u>	<u>\$ 2,072</u>	<u>\$ 25,884</u>	<u>\$ 1,441</u>	<u>\$ 70,793</u>

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual  
For the fiscal year ended June 30, 2013  
(amounts expressed in thousands)

	Special Revenue								
	Urban Area Security Initiative			Gas Tax			Air Quality Improvement		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
<b>Revenues</b>									
Intergovernmental	\$ 7,864	\$ 4,745	\$ (3,119)	\$ 7,795	\$ 7,078	\$ (717)	\$ 342	\$ 369	\$ 27
Rental and investment income	-	-	-	150	65	(85)	-	-	-
Miscellaneous	-	-	-	-	-	-	186	255	69
Total revenues	<u>7,864</u>	<u>4,745</u>	<u>(3,119)</u>	<u>7,945</u>	<u>7,143</u>	<u>(802)</u>	<u>528</u>	<u>624</u>	<u>96</u>
<b>Expenditures</b>									
Current:									
General government	-	-	-	-	-	-	1,361	1,059	302
Public safety	7,864	4,745	3,119	-	-	-	-	-	-
Capital outlay	-	-	-	16,542	4,808	11,734	-	-	-
Total expenditures	<u>7,864</u>	<u>4,745</u>	<u>3,119</u>	<u>16,542</u>	<u>4,808</u>	<u>11,734</u>	<u>1,361</u>	<u>1,059</u>	<u>302</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(8,597)	2,335	10,932	(833)	(435)	398
<b>Other financing sources (uses)</b>									
Capital lease proceeds	-	-	-	-	-	-	-	218	218
Total other financing sources (uses)	-	-	-	-	-	-	-	218	218
Net change in fund balances	-	-	-	(8,597)	2,335	10,932	(833)	(217)	616
Fund balances (deficit), beginning	-	-	-	12,015	12,015	-	677	677	-
Fund balances (deficit), ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,418</u>	<u>\$ 14,350</u>	<u>\$ 10,932</u>	<u>\$ (156)</u>	<u>\$ 460</u>	<u>\$ 616</u>

(continued)

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual  
For the fiscal year ended June 30, 2013  
(amounts expressed in thousands)

	Special Revenue								
	Housing & Community Development			NPDES Storm Drain			Housing		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
<b>Revenues</b>									
Intergovernmental	\$ 7,044	\$ 7,738	\$ 694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	832	837	5	-	-	-
Rental and investment income	8	18	10	-	-	-	14	101	87
Miscellaneous	483	851	368	-	-	-	31	729	698
Total revenues	<u>7,535</u>	<u>8,607</u>	<u>1,072</u>	<u>832</u>	<u>837</u>	<u>5</u>	<u>45</u>	<u>830</u>	<u>785</u>
<b>Expenditures</b>									
Current:									
General government	1,066	1,384	(318)	-	-	-	1,700	1,250	450
Capital outlay	16,138	7,273	8,865	836	661	175	172	-	172
Debt service:									
Interest	20	14	6	-	-	-	-	5	(5)
Bond issuance costs	18	12	6	-	-	-	-	-	-
Total expenditures	<u>17,242</u>	<u>8,683</u>	<u>8,559</u>	<u>836</u>	<u>661</u>	<u>175</u>	<u>1,872</u>	<u>1,255</u>	<u>617</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,707)</u>	<u>(76)</u>	<u>9,631</u>	<u>(4)</u>	<u>176</u>	<u>180</u>	<u>(1,827)</u>	<u>(425)</u>	<u>1,402</u>
<b>Other financing sources (uses)</b>									
Transfers in	-	-	-	-	-	-	1,111	1,111	-
Transfers out	(961)	(961)	-	-	-	-	(150)	(150)	-
Total other financing sources (uses)	<u>(961)</u>	<u>(961)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>961</u>	<u>961</u>	<u>-</u>
Net change in fund balances	(10,668)	(1,037)	9,631	(4)	176	180	(866)	536	1,402
Fund balances (deficit), beginning	1,849	1,849	-	-	-	-	25,062	25,062	-
Fund balances (deficit), ending	<u>\$ (8,819)</u>	<u>\$ 812</u>	<u>\$ 9,631</u>	<u>\$ (4)</u>	<u>\$ 176</u>	<u>\$ 180</u>	<u>\$ 24,196</u>	<u>\$ 25,598</u>	<u>\$ 1,402</u>

(continued)



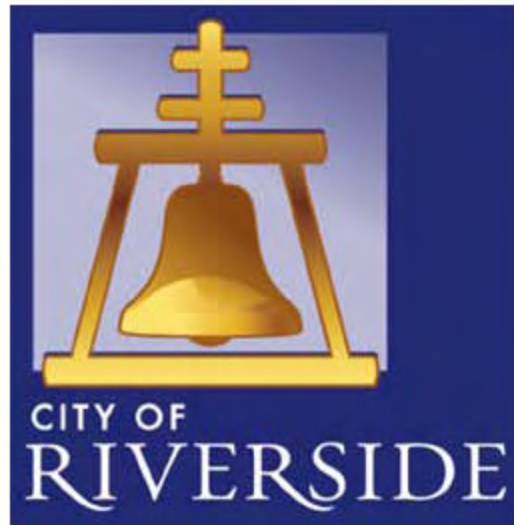
City of Riverside

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

For the fiscal year ended June 30, 2013

(amounts expressed in thousands)

	Capital Projects											
	Capital Outlay			Special Capital Improvement			Storm Drain			Transportation		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
<b>Revenues</b>												
Licenses and permits	\$ -	\$ -	\$ -	\$ 2,500	\$ 2,499	\$ (1)	\$ 100	\$ 279	\$ 179	\$ -	\$ -	\$ -
Intergovernmental	82,836	22,076	(60,760)	-	-	-	2,824	-	(2,824)	200	96	(104)
Special assessments	65	370	305	-	-	-	-	-	-	-	-	-
Rental and investment income	175	111	(64)	-	22	22	60	-	(60)	-	1	1
Miscellaneous	5,683	2,234	(3,449)	-	3,912	3,912	-	-	-	-	39	39
Total revenues	<u>88,759</u>	<u>24,791</u>	<u>(63,968)</u>	<u>2,500</u>	<u>6,433</u>	<u>3,933</u>	<u>2,984</u>	<u>279</u>	<u>(2,705)</u>	<u>200</u>	<u>136</u>	<u>(64)</u>
<b>Expenditures</b>												
Current:												
General government	-	-	-	-	131	(131)	-	3	(3)	-	-	-
Culture and recreation	-	-	-	-	53	(53)	4,967	669	4,298	-	-	-
Capital outlay	180,206	66,257	113,949	3,843	3,617	226	-	-	-	117	96	21
Debt service:												
Interest	-	-	-	208	79	129	-	-	-	-	-	-
Bond issuance costs	-	255	(255)	-	-	-	-	-	-	-	-	-
Total expenditures	<u>180,206</u>	<u>66,512</u>	<u>113,694</u>	<u>4,051</u>	<u>3,880</u>	<u>171</u>	<u>4,967</u>	<u>672</u>	<u>4,295</u>	<u>117</u>	<u>96</u>	<u>21</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(91,447)</u>	<u>(41,721)</u>	<u>49,726</u>	<u>(1,551)</u>	<u>2,553</u>	<u>4,104</u>	<u>(1,983)</u>	<u>(393)</u>	<u>1,590</u>	<u>83</u>	<u>40</u>	<u>(43)</u>
<b>Other financing sources (uses)</b>												
Transfers out	(201)	(201)	-	(1,558)	(1,558)	-	-	-	-	-	-	-
Issuance of long-term debt	-	25,000	25,000	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(201)</u>	<u>24,799</u>	<u>25,000</u>	<u>(1,558)</u>	<u>(1,558)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(91,648)	(16,922)	74,726	(3,109)	995	4,104	(1,983)	(393)	1,590	83	40	(43)
Fund balances (deficit), beginning	18,354	18,354	-	(963)	(963)	-	2,364	2,364	-	29	29	-
Fund balances (deficit), ending	<u>\$ (73,294)</u>	<u>\$ 1,432</u>	<u>\$ 74,726</u>	<u>\$ (4,072)</u>	<u>\$ 32</u>	<u>\$ 4,104</u>	<u>\$ 381</u>	<u>\$ 1,971</u>	<u>\$ 1,590</u>	<u>\$ 112</u>	<u>\$ 69</u>	<u>\$ (43)</u>



## **Nonmajor Enterprise Funds**

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

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

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

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

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

**City of Riverside**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2013**  
**(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	\$ -	\$ 1,188	\$ 2,516	\$ 1	\$ 3,705
Receivables (net of allowance for uncollectibles)					
Interest	-	14	10	1	25
Utility billed	-	1,033	-	-	1,033
Utility unbilled	-	699	-	-	699
Accounts	54	733	1	1,109	1,897
Intergovernmental	183	-	629	3	815
Restricted assets:					
Other restricted cash and cash equivalents	-	1,185	-	-	1,185
Total current assets	<u>237</u>	<u>4,852</u>	<u>3,156</u>	<u>1,114</u>	<u>9,359</u>
Non-current assets:					
Regulatory assets	-	6,905	-	-	6,905
Net pension asset	223	1,216	585	164	2,188
Capital assets:					
Land	9,988	-	-	11,271	21,259
Buildings	2,631	-	22	32,855	35,508
Accumulated depreciation-buildings	(1,179)	-	(9)	(3,771)	(4,959)
Improvements other than buildings	19,023	-	1,659	6,204	26,886
Accumulated depreciation-improvements other than buildings	(5,908)	-	(15)	(1,340)	(7,263)
Machinery and equipment	412	14,757	3,263	1,633	20,065
Accumulated depreciation-machinery and equipment	(278)	(8,997)	(2,496)	(1,413)	(13,184)
Construction in progress	615	-	-	-	615
Total non-current assets:	<u>25,527</u>	<u>13,881</u>	<u>3,009</u>	<u>45,603</u>	<u>88,020</u>
Total assets	<u>25,764</u>	<u>18,733</u>	<u>6,165</u>	<u>46,717</u>	<u>97,379</u>

(continued)

**City of Riverside**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2013**  
 (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	127	720	6	501	1,354
Accrued payroll	13	100	42	21	176
Unearned revenue	176	-	2,589	-	2,765
Deposits	1	-	-	-	1
Due to other funds	453	-	-	850	1,303
Capital leases-current	-	-	7	-	7
Notes payable - current	-	-	-	871	871
Landfill capping - current	-	200	-	-	200
Compensated absences - current	40	340	61	52	493
<b>Total current liabilities</b>	<b>810</b>	<b>1,360</b>	<b>2,705</b>	<b>2,295</b>	<b>7,170</b>
<b>Non-current liabilities:</b>					
Notes payables	-	-	-	22,092	22,092
Capital leases	-	-	1	-	1
Advances from other funds	222	1,211	583	754	2,770
Landfill capping	-	6,257	-	-	6,257
Compensated absences	-	185	-	-	185
Other postemployment benefits	86	714	323	150	1,273
<b>Total non-current liabilities</b>	<b>308</b>	<b>8,367</b>	<b>907</b>	<b>22,996</b>	<b>32,578</b>
<b>Total liabilities</b>	<b>1,118</b>	<b>9,727</b>	<b>3,612</b>	<b>25,291</b>	<b>39,748</b>
<b>Net Position</b>					
Net investment in capital assets	25,304	5,760	2,416	22,476	55,956
Restricted for landfill capping	-	1,185	-	-	1,185
Unrestricted	(658)	2,061	137	(1,050)	490
<b>Total net position</b>	<b>\$ 24,646</b>	<b>\$ 9,006</b>	<b>\$ 2,553</b>	<b>\$ 21,426</b>	<b>\$ 57,631</b>

**City of Riverside**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the fiscal year ended June 30, 2013**  
**(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	\$ 1,396	\$ 20,829	\$ 344	\$ 4,777	\$ 27,346
Operating expenses:					
Personnel services	635	4,662	2,041	1,019	8,357
Contractual services	53	3,956	21	1,374	5,404
Maintenance and operation	255	5,717	463	507	6,942
General	153	3,552	385	255	4,345
Materials and supplies	225	911	178	7	1,321
Insurance	32	139	48	144	363
Depreciation and amortization	661	1,532	582	801	3,576
Total operating expenses	<u>2,014</u>	<u>20,469</u>	<u>3,718</u>	<u>4,107</u>	<u>30,308</u>
Operating Income (loss)	<u>(618)</u>	<u>360</u>	<u>(3,374)</u>	<u>670</u>	<u>(2,962)</u>
Nonoperating revenues (expenses):					
Operating grants	-	-	2,718	-	2,718
Interest income	-	4	5	-	9
Other	(5)	257	(7)	704	949
Gain/loss on retirement of capital assets	-	(55)	3	-	(52)
Interest expense and fiscal charges	(15)	(57)	(27)	(944)	(1,043)
Total non-operating revenues	<u>(20)</u>	<u>149</u>	<u>2,692</u>	<u>(240)</u>	<u>2,581</u>
Income before capital contributions and transfers	<u>(638)</u>	<u>509</u>	<u>(682)</u>	<u>430</u>	<u>(381)</u>
Cash capital contributions	762	-	480	-	1,242
Transfers in	-	33	33	2,211	2,277
Transfers out	-	-	-	(840)	(840)
Change in net position	<u>124</u>	<u>542</u>	<u>(169)</u>	<u>1,801</u>	<u>2,298</u>
Total net position - beginning	<u>24,522</u>	<u>8,464</u>	<u>2,722</u>	<u>19,625</u>	<u>55,333</u>
Total net position - ending	<u>\$ 24,646</u>	<u>\$ 9,006</u>	<u>\$ 2,553</u>	<u>\$ 21,426</u>	<u>\$ 57,631</u>

City of Riverside  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the fiscal year ended June 30, 2013  
(amounts expressed in thousands)

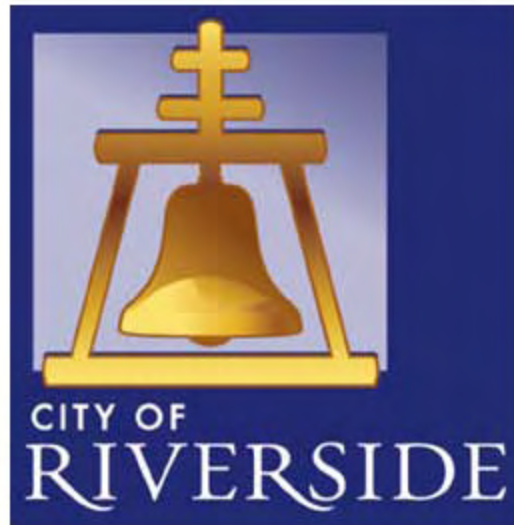
	<u>Airport</u>	<u>Refuse</u>	<u>Transportation</u>	<u>Public Parking</u>	<u>Totals</u>
Cash flows from operating activities:					
Cash received from customers and users	\$ 1,423	\$ 20,182	\$ 670	\$ 3,739	\$ 26,014
Cash paid to employees for services	(610)	(4,475)	(1,962)	(996)	(8,043)
Cash paid to other suppliers of goods or services	(632)	(14,435)	(836)	(6,288)	(22,191)
Other receipts	<u>(5)</u>	<u>257</u>	<u>3,191</u>	<u>704</u>	<u>4,147</u>
Net cash provided (used) by operating activities	<u>176</u>	<u>1,529</u>	<u>1,063</u>	<u>(2,841)</u>	<u>(73)</u>
Cash flows from noncapital financing activities:					
Transfers in	-	33	33	2,211	2,277
Transfers out	-	-	-	(840)	(840)
Advances from (to) other funds	105	(23)	(11)	370	441
Payments on interfund receivables	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>
Net cash provided (used) by noncapital financing activities	<u>101</u>	<u>10</u>	<u>22</u>	<u>1,741</u>	<u>1,874</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(1,024)	(2,662)	(362)	(6,571)	(10,619)
Proceeds from the sale of capital assets	-	-	3	-	3
Principal paid on long-term obligations	-	-	(21)	(838)	(859)
Interest paid on long-term obligations	(15)	(57)	(27)	(928)	(1,027)
Capital contributions	<u>762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>762</u>
Net cash (used) provided for capital and related financing activities	<u>(277)</u>	<u>(2,719)</u>	<u>(407)</u>	<u>(8,337)</u>	<u>(11,740)</u>
Cash flows from investing activities:					
Income (loss) from investments	<u>-</u>	<u>8</u>	<u>-</u>	<u>(12)</u>	<u>(4)</u>
Net cash provided by investing activities	<u>-</u>	<u>8</u>	<u>-</u>	<u>(12)</u>	<u>(4)</u>
Net change in cash and cash equivalents	-	(1,172)	678	(9,449)	(9,943)
Cash and cash equivalents, beginning	<u>-</u>	<u>3,545</u>	<u>1,838</u>	<u>9,450</u>	<u>14,833</u>
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ 2,373</u>	<u>\$ 2,516</u>	<u>\$ 1</u>	<u>\$ 4,890</u>

continued

City of Riverside  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the fiscal year ended June 30, 2013  
(amounts expressed in thousands)

	Airport	Refuse	Transportation	Public Parking	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (618)	\$ 360	\$ (3,374)	\$ 670	\$ (2,962)
Other receipts	171	257	3,191	704	4,323
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	661	1,532	582	801	3,576
Amortization of net pension asset	8	43	21	7	79
(Increase) decrease in accounts receivable	34	(647)	326	(1,103)	(1,390)
Increase (decrease) in intergovernmental receivables	(183)	-	-	65	(118)
Increase (decrease) in accounts payable	86	78	259	(4,001)	(3,578)
Decrease in accrued payroll	(4)	(531)	(12)	(17)	(564)
Increase in other payables	21	675	70	33	799
Decrease in landfill capping	-	(238)	-	-	(238)
Net cash provided (used) by operating activities	<u>\$ 176</u>	<u>\$ 1,529</u>	<u>\$ 1,063</u>	<u>\$ (2,841)</u>	<u>\$ (73)</u>





## **Internal Service Funds**

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

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

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

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

**City of Riverside**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2013**  
**(amounts expressed in thousands)**

<b>Assets</b>	<b>Self-Insurance Trust</b>	<b>Central Stores</b>	<b>Central Garage</b>	<b>Total</b>
<b>Current assets:</b>				
Cash and investments	\$ -	\$ -	\$ 4,209	\$ 4,209
Receivables (net of allowance for uncollectibles)				
Interest	28	-	19	47
Accounts	6	-	44	50
Intergovernmental	49	-	11	60
Inventory	-	6,255	435	6,690
Total current assets	<u>83</u>	<u>6,255</u>	<u>4,718</u>	<u>11,056</u>
<b>Non-current assets:</b>				
Advances to other funds	4,767	-	-	4,767
Advances to Successor Agency	5,578	-	-	5,578
Net pension asset	214	224	1,007	1,445
<b>Capital assets:</b>				
Buildings	-	-	2,084	2,084
Accumulated depreciation-buildings	-	-	(294)	(294)
Machinery and equipment	-	139	9,444	9,583
Accumulated depreciation-machinery and equipment	-	(139)	(8,021)	(8,160)
Total non-current assets:	<u>10,559</u>	<u>224</u>	<u>4,220</u>	<u>15,003</u>
<b>Total assets</b>	<u>10,642</u>	<u>6,479</u>	<u>8,938</u>	<u>26,059</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	212	259	454	925
Accrued payroll	11	15	64	90
Due to other funds	265	2,521	-	2,786
Claims and judgments - current	19,337	-	-	19,337
Compensated absences - current	32	53	164	249
Total current liabilities	<u>19,857</u>	<u>2,848</u>	<u>682</u>	<u>23,387</u>
<b>Non-current liabilities:</b>				
Advances from other funds	213	223	1,003	1,439
Claims and judgments	12,232	-	-	12,232
Compensated absences	-	35	208	243
Other postemployment benefits	79	95	406	580
Total non-current liabilities	<u>12,524</u>	<u>353</u>	<u>1,617</u>	<u>14,494</u>
<b>Total liabilities</b>	<u>32,381</u>	<u>3,201</u>	<u>2,299</u>	<u>37,881</u>
<b>Net Position</b>				
Net investment in capital assets	-	-	3,213	3,213
Unrestricted	(21,739)	3,278	3,426	(15,035)
Total net position	<u>\$ (21,739)</u>	<u>\$ 3,278</u>	<u>\$ 6,639</u>	<u>\$ (11,822)</u>

**City of Riverside**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2013**  
**(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	\$ 12,430	\$ 1,594	\$ 7,215	\$ 21,239
Operating expenses:				
Personnel services	481	653	2,732	3,866
Contractual services	65	-	56	121
Maintenance and operation	4	32	2,369	2,405
General	977	296	690	1,963
Materials and supplies	-	11	200	211
Claims/Insurance	17,846	9	52	17,907
Depreciation and amortization	-	3	542	545
Total operating expenses	<u>19,373</u>	<u>1,004</u>	<u>6,641</u>	<u>27,018</u>
Operating income (loss)	<u>(6,943)</u>	<u>590</u>	<u>574</u>	<u>(5,779)</u>
Non-operating revenues (expenses):				
Interest income	204	-	45	249
Other	(14)	-	-	(14)
Gain (loss) on retirement of capital assets	-	-	4	4
Interest expense and fiscal charges	(85)	(10)	(47)	(142)
Total non-operating revenue (expenses)	<u>105</u>	<u>(10)</u>	<u>2</u>	<u>97</u>
Income before capital contributions and transfers	<u>(6,838)</u>	<u>580</u>	<u>576</u>	<u>(5,682)</u>
Transfers out	-	-	(132)	(132)
Change in net position	<u>(6,838)</u>	<u>580</u>	<u>444</u>	<u>(5,814)</u>
Total net position - beginning	<u>(14,901)</u>	<u>2,698</u>	<u>6,195</u>	<u>(6,008)</u>
Total net position - ending	<u>\$ (21,739)</u>	<u>\$ 3,278</u>	<u>\$ 6,639</u>	<u>\$ (11,822)</u>

City of Riverside  
Combining Statement of Cash Flows  
Internal Service Funds  
For the fiscal year ended June 30, 2013  
(amounts expressed in thousands)

	Self-Insurance Trust	Central Stores	Central Garage	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 12,498	\$ 1,594	\$ 7,318	\$ 21,410
Cash paid to employees for services	(453)	(623)	(3,083)	(4,159)
Cash paid to other suppliers of goods or services	(14,743)	(957)	(2,622)	(18,322)
Other	(14)	-	-	(14)
Net cash provided (used) by operating activities	<u>(2,712)</u>	<u>14</u>	<u>1,613</u>	<u>(1,085)</u>
Cash flows from noncapital financing activities:				
Advances from interfund receivables	(4)	-	-	(4)
Operating transfers out	-	-	(132)	(132)
Advances from (to) other funds	661	(4)	(19)	638
Net cash provided (used) by noncapital financing activities	<u>657</u>	<u>(4)</u>	<u>(151)</u>	<u>502</u>
Cash flows from capital and related financing activities:				
Interest paid on long-term obligation	(85)	(10)	(47)	(142)
Loss from the sale of capital assets	-	-	4	4
Purchase of capital assets	-	-	(446)	(446)
Net cash (used) for capital and related financing activities	<u>(85)</u>	<u>(10)</u>	<u>(489)</u>	<u>(584)</u>
Cash flows from investing activities:				
Income from investments	144	-	38	182
	<u>144</u>	<u>-</u>	<u>38</u>	<u>182</u>
Net increase in cash and cash equivalents	(1,996)	-	1,011	(985)
Cash and cash equivalents, beginning	<u>1,996</u>	<u>-</u>	<u>3,198</u>	<u>5,194</u>
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,209</u>	<u>\$ 4,209</u>

continued

City of Riverside  
Combining Statement of Cash Flows  
Internal Service Funds  
For the fiscal year ended June 30, 2013  
(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)	\$ (6,943)	\$ 590	\$ 574	\$ (5,779)
Other disbursements	(14)	-	-	(14)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	-	3	542	545
Amortization of net pension asset	-	8	37	45
Decrease in accounts receivable	68	-	103	171
Decrease in inventory	-	94	3	97
(Decrease) increase in accounts payable	(135)	30	281	176
Increase in other payables	21	106	451	578
(Decrease) in accrued payroll	-	(85)	(378)	(463)
Increase (decrease) in due to other funds	265	(732)	-	(467)
Increase in claims and judgments	4,026	-	-	4,026
Net cash provided (used) by operating activities	<u>\$ (2,712)</u>	<u>\$ 14</u>	<u>\$ 1,613</u>	<u>\$ (1,085)</u>

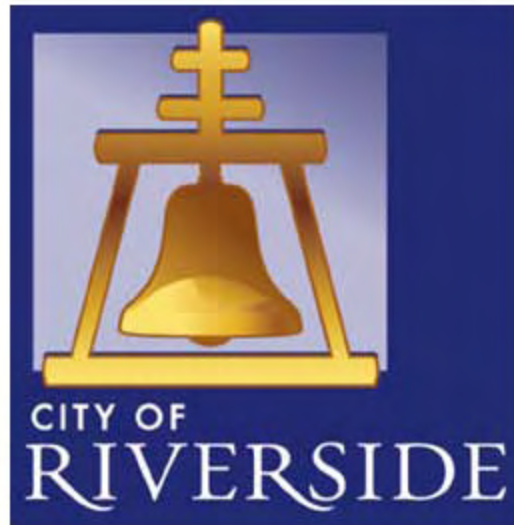
## **Agency Fund**

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

**City of Riverside**  
**Fiduciary Fund - Agency Fund**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the fiscal year ended June 30, 2013**  
**(amounts expressed in thousands)**

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2013</b>
<b>Assets</b>				
Cash and investments	\$ 7,515	\$ 5,646	\$ 6,473	\$ 6,688
Cash and investments at fiscal agent	6,569	10,772	10,563	6,778
Interest receivable	28	252	247	33
Accounts receivable	-	24	-	24
Property taxes receivable	406	125	407	124
<b>Total assets</b>	<b>\$ 14,518</b>	<b>\$ 16,819</b>	<b>\$ 17,690</b>	<b>\$ 13,647</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 91	\$ 91	-
Held for bond holders	14,518	16,819	17,690	13,647
<b>Total liabilities</b>	<b>\$ 14,518</b>	<b>\$ 16,910</b>	<b>\$ 17,781</b>	<b>\$ 13,647</b>



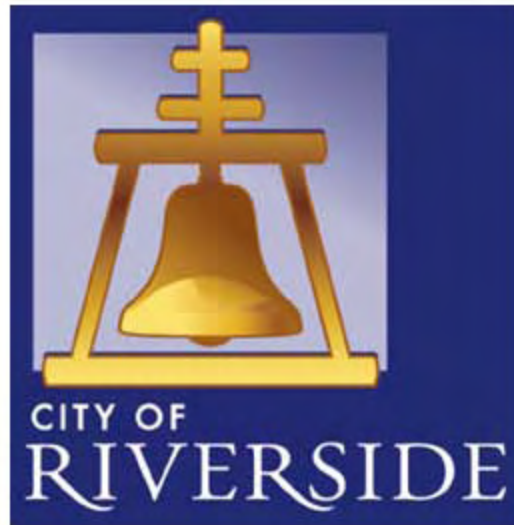


**CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

**City of Riverside**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Source**  
**June 30, 2013**  
**(amounts expressed in thousands)**

Governmental funds capital assets:	
Land	\$ 325,215
Buildings and improvements	180,337
Improvements other than buildings	250,021
Machinery and equipment	79,782
Infrastructure	910,700
Construction in progress	38,515
Total governmental funds capital assets	<u>\$ 1,784,570</u>

Investments in governmental funds capital assets by source:	
Certificates of participation	\$ 122,429
Gifts	313,087
Operating revenue	515,738
General obligation bonds	4,484
Revenue bonds	21,229
County contracts and grants	100
State grants	40,442
Asset forfeiture - state	1,008
Asset forfeiture - federal	2,647
Housing and community development grants	18,545
Other federal grants	34,639
Community facilities bonds	1,026
Assessment district bonds	397
Capital leases	7,930
RDA tax increment bonds	2,278
Capital projects funds	698,591
Total governmental funds capital assets	<u>\$ 1,784,570</u>



CITY OF  
RIVERSIDE

## 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>89</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>95</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>104</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	<b>110</b>
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	<b>112</b>

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

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

(in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012 <sup>1</sup>	2013
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 484,784	\$ 515,354	\$ 622,336	\$ 712,801	\$ 850,740	\$ 950,496	\$ 976,614	\$ 1,019,892	\$ 1,076,485	\$ 1,083,485
Restricted	137,126	154,957	158,038	107,982	102,677	98,903	108,932	80,820	86,325	80,712
Unrestricted	(41,353)	(46,419)	(51,261)	(34,245)	(31,429)	(41,861)	(80,947)	(90,159)	23,145	17,989
Total governmental activities net position	\$ 580,557	\$ 623,892	\$ 729,113	\$ 786,538	\$ 921,988	\$ 1,007,538	\$ 1,004,599	\$ 1,010,553	\$ 1,185,955	\$ 1,182,186
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 341,041	\$ 402,377	\$ 425,285	\$ 520,059	\$ 601,999	\$ 659,904	\$ 660,619	\$ 654,974	\$ 666,919	\$ 609,691
Restricted	49,242	54,540	71,386	57,613	43,341	38,621	59,863	56,397	54,923	69,068
Unrestricted	217,762	229,462	250,041	242,966	225,281	207,405	219,720	256,038	285,062	330,833
Total business-type activities net position	\$ 608,045	\$ 686,379	\$ 746,712	\$ 820,638	\$ 870,621	\$ 905,930	\$ 940,202	\$ 967,409	\$ 1,006,904	\$ 1,009,592
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 825,825	\$ 917,731	\$ 1,047,621	\$ 1,232,860	\$ 1,452,739	\$ 1,610,400	\$ 1,637,233	\$ 1,674,866	\$ 1,743,404	\$ 1,693,176
Restricted	186,368	209,497	229,424	165,595	146,018	137,524	168,795	137,217	141,248	149,780
Unrestricted	176,409	183,043	198,780	208,721	193,852	165,544	138,773	165,879	308,207	348,822
Total primary government net position	\$ 1,188,602	\$ 1,310,271	\$ 1,475,825	\$ 1,607,176	\$ 1,792,609	\$ 1,913,468	\$ 1,944,801	\$ 1,977,962	\$ 2,192,859	\$ 2,191,778

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

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

(in thousands) Page 1 of 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 63,000	\$ 58,460	\$ 74,458	\$ 105,486	\$ 113,897	\$ 71,391	\$ 85,110	\$ 72,606	\$ 48,731	\$ 54,808
Public safety	102,500	110,969	120,470	114,312	122,783	142,353	137,338	139,364	148,605	147,652
Highways and streets	22,017	20,364	20,757	22,556	26,986	29,700	31,492	32,131	35,342	35,072
Culture and Recreation	22,988	26,353	32,602	28,016	31,659	29,423	44,319	50,017	54,594	40,077
Interest on long-term debt	10,996	15,885	16,358	26,378	34,075	34,361	32,049	33,638	25,087	16,627
Total governmental activities expenses	221,501	232,031	264,645	296,748	329,400	307,228	330,308	327,756	312,359	294,236
Business-type activities:										
Electric	196,727	200,030	226,186	232,346	271,412	269,209	256,860	275,922	288,799	292,175
Water	33,921	36,709	39,486	42,108	47,570	53,931	55,402	56,390	56,715	58,768
Sewer	23,273	26,108	27,299	29,510	31,209	34,853	41,248	42,276	43,702	43,945
Refuse	11,510	12,841	14,546	16,490	18,430	18,425	20,527	20,046	19,979	20,581
Airport	1,088	1,185	1,004	1,201	1,418	1,734	2,206	2,320	2,646	2,029
Transportation	2,286	2,557	2,917	2,831	3,190	3,194	3,368	3,493	3,667	3,745
Public parking	1,389	824	2,701	3,762	4,093	5,095	4,024	4,401	4,984	5,051
Total business-type activities expenses	270,194	280,254	314,139	328,248	377,322	386,441	383,635	404,848	420,492	426,294
Total primary government expenses	\$ 491,695	\$ 512,285	\$ 578,784	\$ 624,996	\$ 706,722	\$ 693,669	\$ 713,943	\$ 732,604	\$ 732,851	\$ 720,530
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 26,160	\$ 25,995	\$ 24,683	\$ 10,245	\$ 23,969	\$ 13,691	\$ 12,933	\$ 14,241	\$ 14,662	\$ 13,338
Public safety	6,799	6,982	5,845	12,410	9,924	8,414	8,177	8,075	7,837	7,793
Highways and streets	22,286	23,108	25,412	30,563	19,695	14,391	17,847	16,985	16,532	15,825
Culture and recreation	5,056	7,002	7,716	8,302	4,370	3,168	2,367	3,180	4,622	5,237
Operating grants and contributions	12,935	16,140	13,150	12,101	15,024	23,313	32,853	21,127	31,581	21,485
Capital grants and contributions	1,136	5,292	18,618	10,557	115,982	69,745	23,395	38,138	54,476	32,202
Total governmental activities program revenues	74,372	84,519	95,424	84,178	188,964	132,722	97,572	101,746	129,710	95,880
Business-type activities:										
Charges for services:										
Electric	233,102	252,322	259,572	278,888	305,299	314,164	309,910	313,703	333,029	347,933
Water	32,382	34,002	37,613	47,080	49,855	54,923	57,534	62,084	65,206	68,489
Sewer	21,672	21,967	21,510	24,057	22,525	23,247	27,342	32,769	37,747	43,772
Refuse	13,759	14,492	15,160	15,833	16,289	18,394	18,712	19,134	19,588	20,829
Airport	1,051	1,088	1,162	1,263	1,423	1,232	1,315	1,342	1,524	1,396
Transportation	185	200	238	302	313	336	328	344	352	344
Public parking	2,760	2,961	2,837	3,431	3,717	4,332	4,876	5,205	4,803	4,777
Operating grants and contributions	1,723	2,261	2,704	1,939	3,308	1,929	2,487	2,159	2,738	2,718
Capital grants and contributions	26,390	32,317	29,293	40,066	29,215	17,288	6,838	7,337	21,164	11,734
Total business-type activities program revenues	333,024	361,610	370,089	412,859	431,944	435,845	429,342	444,077	486,151	501,992
Total primary government program revenues	\$ 407,396	\$ 446,129	\$ 465,513	\$ 497,037	\$ 620,908	\$ 568,567	\$ 526,914	\$ 545,823	\$ 615,861	\$ 597,872

(continued)

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

(in thousands) Page 2 of 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012 <sup>1</sup>	2013 <sup>2</sup>
<b>Net Revenues (Expense)</b>										
Governmental activities	\$ (147,129)	\$ (147,512)	\$ (169,221)	\$ (212,570)	\$ (140,436)	\$ (174,506)	\$ (232,736)	\$ (226,010)	\$ (182,649)	\$ (198,356)
Business-type activities	62,830	81,356	55,950	84,611	54,622	49,404	45,707	39,229	65,659	75,698
Total primary government net expense	\$ (84,299)	\$ (66,156)	\$ (113,271)	\$ (127,959)	\$ (85,814)	\$ (125,102)	\$ (187,029)	\$ (186,781)	\$ (116,990)	\$ (122,658)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Sales	\$ 46,624	\$ 53,348	\$ 57,522	\$ 55,666	\$ 50,526	\$ 41,882	\$ 39,645	\$ 44,157	\$ 47,701	\$ 50,222
Property	35,911	61,553	80,934	106,114	114,176	116,420	104,087	100,802	74,179	52,904
Utility Users	21,362	22,133	23,502	25,384	26,267	25,964	25,975	26,691	27,320	28,206
Franchise	4,261	4,481	4,813	5,031	4,972	5,144	4,477	4,937	4,883	4,959
Other	3,213	3,828	4,372	3,581	3,795	2,912	2,488	2,731	2,995	3,703
Intergovernmental, unrestricted	12,528	1,795	1,747	1,863	2,074	4,569	1,339	1,285	351	337
Unrestricted grants and contributions	18,710	15,220	39,653	29,743	-	-	-	-	-	-
Investment earnings	1,284	7,815	10,150	18,582	25,670	15,941	8,289	7,439	4,440	2,786
Miscellaneous	5,476	5,756	26,173	4,228	9,480	5,137	3,344	9,544	9,273	9,208
Transfers	10,302	14,918	25,576	31,171	32,326	42,087	40,153	34,378	40,679	42,262
Extraordinary items	-	-	-	-	-	-	-	-	149,617	-
Contributions	(2,800)	-	-	-	-	-	-	-	-	-
Total governmental activities	156,871	190,847	274,442	281,363	269,286	260,056	229,797	231,964	361,438	194,587
Business-type activities:										
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment income	5,016	7,548	11,259	16,988	22,756	23,402	21,271	17,548	11,405	4,744
Miscellaneous	4,553	7,362	18,700	3,498	4,931	4,590	7,447	4,808	3,110	5,767
Special item	-	(3,014)	-	-	-	-	-	-	-	-
Transfers	(10,302)	(14,918)	(25,576)	(31,171)	(32,326)	(42,087)	(40,153)	(34,378)	(40,679)	(42,262)
Extraordinary items	-	-	-	-	-	-	-	-	-	(41,259)
Total business-type activities	(733)	(3,022)	4,383	(10,685)	(4,639)	(14,095)	(11,435)	(12,022)	(26,164)	(73,010)
Total primary government	156,138	187,825	278,825	270,678	264,647	245,961	218,362	219,942	335,274	121,577
<b>Change in Net Position</b>										
Governmental activities	\$ 9,742	\$ 43,335	\$ 105,221	\$ 68,793	\$ 128,850	\$ 85,550	\$ (2,939)	\$ 5,954	\$ 178,789	\$ (3,769)
Business-type activities	62,097	78,334	60,333	73,926	49,983	35,309	34,272	27,207	39,495	2,688
Total primary government	\$ 71,839	\$ 121,669	\$ 165,554	\$ 142,719	\$ 178,833	\$ 120,859	\$ 31,333	\$ 33,161	\$ 218,284	\$ (1,081)

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

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



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

	<b>2011</b>	<b>2012<sup>1,2</sup></b>	<b>2013</b>
General fund			
Nonspendable	\$ 26,646	\$ 25,720	\$ 26,421
Restricted	82,249	2,803	2,196
Assigned	15,589	6,380	10,711
Unassigned	36,359	39,347	37,763
Total general fund	<u>\$ 160,843</u>	<u>\$ 74,250</u>	<u>\$ 77,091</u>
All other governmental funds			
Nonspendable	\$ 1,626	\$ 1,539	\$ 1,441
Restricted:			
Housing and redevelopment	96,571	26,911	26,410
Debt service	56,526	29,080	25,884
Transportation and public works	26,459	31,075	16,487
Other purposes	5,073	1,401	2,003
Total all other governmental funds	<u>\$ 186,255</u>	<u>\$ 90,006</u>	<u>\$ 72,225</u>

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

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

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

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

(in thousands) Page 1 of 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>										
Taxes	\$ 113,118	\$ 142,056	\$ 170,638	\$ 191,131	\$ 200,438	\$ 192,322	\$ 177,255	\$ 179,318	\$ 156,593	\$ 139,994
Licenses and permits	11,343	14,389	16,351	12,984	10,027	7,368	6,899	7,657	9,292	10,173
Intergovernmental	42,609	42,568	55,178	47,934	79,423	86,873	60,550	61,082	66,618	50,734
Charges for services	10,046	11,299	11,538	11,914	11,325	9,099	9,570	10,720	11,774	12,062
Fines and forfeitures	2,188	2,006	2,098	2,778	4,573	6,213	7,512	8,928	6,293	6,234
Special assessments	10,259	6,272	6,247	6,170	5,245	5,431	5,464	6,014	6,276	6,669
Use of money and property	10,587	10,915	14,324	22,587	27,970	18,620	11,173	10,173	8,095	3,878
Miscellaneous	7,133	9,996	8,502	6,164	12,796	7,596	7,082	16,605	10,611	14,933
Total revenues	\$ 207,283	\$ 239,501	\$ 284,876	\$ 301,662	\$ 351,797	\$ 333,522	\$ 285,505	\$ 300,497	\$ 275,552	\$ 244,677
<b>Expenditures:</b>										
General government	\$ 25,108	\$ 21,800	\$ 25,193	\$ 39,093	\$ 26,177	\$ 25,995	\$ 23,835	\$ 26,090	\$ 18,835	\$ 15,713
Public safety	107,386	117,267	126,007	139,739	151,773	145,802	138,594	140,994	150,878	150,290
Highways and streets	11,990	11,695	11,281	19,722	25,209	18,452	14,987	14,587	16,651	16,294
Culture and recreation	24,836	28,939	31,017	31,039	30,622	26,859	40,373	44,345	57,538	45,356
Capital outlay	50,333	64,127	121,978	149,325	171,952	180,394	131,908	105,689	75,482	73,581
Debt Service:										
Principal	2,422	8,599	9,733	12,045	11,257	44,349	48,078	89,264	83,378	45,006
Interest	9,945	15,025	19,205	21,330	31,239	33,033	31,267	32,611	24,133	15,116
Debt issuance costs	950	1,538	-	2,551	697	259	231	174	169	581
Payment for advance refunding	-	-	-	-	-	-	-	-	-	3,521
Total expenditures	\$ 232,970	\$ 268,990	\$ 344,414	\$ 414,844	\$ 448,926	\$ 475,143	\$ 429,273	\$ 453,754	\$ 427,064	\$ 365,458
Excess of revenues over (under) expenditures	\$ (25,687)	\$ (29,489)	\$ (59,538)	\$ (113,182)	\$ (97,129)	\$ (141,621)	\$ (143,768)	\$ (153,257)	\$ (151,512)	\$ (120,781)

(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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Other financing sources (uses):</b>										
Transfers in	\$ 41,440	\$ 49,944	\$ 59,545	\$ 84,306	\$ 62,841	\$ 100,797	\$ 88,303	\$ 214,631	\$ 196,859	\$ 56,572
Transfers out	(31,338)	(35,026)	(33,969)	(53,135)	(30,515)	(58,710)	(48,150)	(180,280)	(156,305)	(14,178)
Sales of general capital assets	(675)	6,230	1,281	541	8,931	(5,798)	529	(1,629)	156	82
Advances from other funds	-	-	-	-	-	-	-	-	-	-
Long-term obligation proceeds	247,594	85,578	20,969	295,190	164,408	30,425	52,360	104,875	34,940	97,180
Capital lease proceeds	-	-	-	-	-	-	3,116	2,000	-	7,203
Premiums (discounts) on bonds issued	-	113	-	4,455	-	-	(539)	-	-	2,573
Payments to refunded bond agent	(58,657)	(9,167)	-	-	(148,975)	-	-	-	-	(43,591)
Total other financing sources (uses)	198,364	97,672	47,826	331,357	56,690	66,714	95,619	139,597	75,650	105,841
Special item - pension contribution	(88,300)	(32,141)	-	-	-	-	-	-	-	-
<b>Extraordinary items:</b>										
Dissolution of Riverside Redevelopment Agency:										
Transfer of assets and liabilities to										
Successor Agency	-	-	-	-	-	-	-	-	(130,174)	-
Transfer of assets from Successor Agency	-	-	-	-	-	-	-	-	28,121	-
Assumption of obligation	-	-	-	-	-	-	-	-	(4,927)	-
Total extraordinary items	-	-	-	-	-	-	-	-	(106,980)	-
Net change in fund balances	\$ 84,377	\$ 36,042	\$ (11,712)	\$ 218,175	\$ (40,439)	\$ (74,907)	\$ (48,149)	\$ (13,660)	\$ (182,842)	\$ (14,940)
Debt service as a percentage of noncapital expenditures	7.173%	15.301%	13.777%	14.011%	16.947%	26.058%	23.211%	32.757%	32.507%	21.039%
		(1)			(2)	(3)		(4)	(5)	

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

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

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

(4) 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.

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

**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>Cap and Trade Auction Sales Revenue</b>	<b>Other Operating Revenue</b>	<b>Total Revenues</b>
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
2012	110,471	66,047	107,455	50	5,614	30,735	-	12,657	333,029
2013	118,173	66,632	110,680	638	5,712	32,688	381	13,029	347,933

The City started receiving Cap and Trade Auction Sales Revenue in 2013.

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

**(in thousands)**

<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>Property Tax<sup>1</sup></b>	<b>Utility Users Tax</b>	<b>Franchise Tax</b>	<b>Other Tax</b>	<b>Total Taxes</b>
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	101,469	25,384	5,031	3,581	191,131
2008	50,526	114,176	26,267	4,972	3,795	199,736
2009	41,882	116,420	25,964	5,144	2,912	192,322
2010	39,645	104,087	25,975	4,477	2,488	176,672
2011	44,157	100,802	26,691	4,937	2,731	179,318
2012	47,701	74,179	27,320	4,883	2,995	157,078
2013	50,222	52,904	28,206	4,959	3,703	139,994

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

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

(in thousands)

Fiscal Year Ended June 30	City				Dissolved Redevelopment Agency <sup>1</sup>				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
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
2012	22,031,328	1,264,151	(6,952,649)	16,342,830	5,395,632	572,153	(270,313)	5,697,472	0.348
2013	22,313,665	1,244,448	(7,142,401)	16,415,712	N/A	N/A	N/A	N/A	0.348

Notes:

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

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

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**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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>	0.210	0.234	0.220	0.155	0.185	0.291	0.326	0.334	0.363	0.409
City of Riverside Debt Service	-	0.011	0.009	0.008	0.006	0.007	0.006	0.006	0.006	0.006
Eastern Municipal Water Improvement District	0.022	0.023	0.010	0.009	0.008	-	-	-	-	-
Metropolitan Water District Original Area	0.006	0.006	0.005	0.005	0.005	0.004	0.004	0.004	0.004	0.004
Riverside City Community College Debt Service	-	0.018	0.018	0.018	0.013	0.013	0.012	0.015	0.017	0.017
Rubidoux Community Service Debt Service	0.003	0.003	-	-	-	-	-	-	-	-
<b>Total Direct &amp; Overlapping<sup>3</sup> Tax Rates</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>1.390</b>	<b>1.436</b>
<b>City's Share of 1% Levy Per Prop 13<sup>4</sup></b>	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145
<b>General Obligation Debt Rate</b>	-	0.011	0.009	0.009	0.006	0.007	0.006	0.006	0.006	0.006
<b>Redevelopment Rate<sup>5,7</sup></b>	1.006	1.006	1.005	1.005	1.005	1.004	1.004	1.004	1.004	-
<b>Total Direct Rate<sup>6</sup></b>	0.264	0.266	0.309	0.304	0.334	0.343	0.349	0.347	0.348	0.348

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

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

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

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

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

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

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

Source: Riverside County Assessor 2002/03 - 2012/13 Tax Rate Table.

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

(in thousands)

Property Owner	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Tyler Mall	\$ 190,480	1	0.8%	\$ 143,014	1	1.0%
Riverside Healthcare System	117,031	2	0.5%	95,952	2	0.7%
Rohr Inc	112,325	3	0.5%	57,502	5	0.4%
La Sierra University	104,729	4	0.5%			
Cole ID	91,500	5	0.4%			
State Street Bank & Trust Co of Calif	89,839	6	0.4%	94,846	3	0.6%
JSP Corona Pointe, LLC	76,159	7	0.3%			
Vestar Riverside Plaza	69,554	8	0.3%			
BRE Properties, Inc.	69,277	9	0.3%			
Canyon Springs Marketplace Corp	69,000	10	0.3%			
Charter Communications				60,179	4	0.4%
Lyon Corona Pointe				55,800	6	0.4%
California State Teachers Retirement				54,359	7	0.4%
Bottling Group				48,984	8	0.3%
Press Enterprise Company				47,004	9	0.3%
Mission Grove Park Apartments				43,567	10	0.3%
Totals	<u>\$ 989,894</u>		<u>4.4%</u>	<u>\$ 701,207</u>		<u>4.8%</u>

Notes:

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

Source: Riverside County Assessor 2012/13 and 2003/04 Combined Tax Rolls



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

(in thousands)

Fiscal Year Ended June 30	Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 31,829	31,429	98.74%	391	31,820	99.97%
2005	36,825	36,332	98.66%	476	36,808	99.95%
2006	52,532	51,815	98.64%	700	52,515	99.97%
2007	69,246	67,046	96.82%	2,174	69,220	99.96%
2008	83,996	82,345	98.03%	1,608	83,953	99.95%
2009	86,251	84,134	97.55%	2,048	86,182	99.92%
2010	77,228	74,491	96.46%	2,607	77,098	99.83%
2011	74,608	72,327	96.94%	2,090	74,417	99.74%
2012	46,059	45,379	98.52%	360	45,739	99.30%
2013	47,135	46,578	98.82%	-	46,578	98.82%

Note:

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

Source: Riverside County Auditor-Controller and City Finance Department

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

(in millions of kilowatt-hours)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Type of Customer:</b>										
Residential	707	675	696	748	734	733	701	666	688	726
Commercial	522	530	474	456	441	433	406	400	413	419
Industrial	687	707	810	924	960	946	906	912	969	1,003
Wholesale sales	354	470	287	295	357	137	44	7	2	14
Other	52	50	58	39	34	33	32	31	31	31
<b>Total</b>	<b>2,322</b>	<b>2,432</b>	<b>2,325</b>	<b>2,462</b>	<b>2,526</b>	<b>2,282</b>	<b>2,089</b>	<b>2,016</b>	<b>2,103</b>	<b>2,193</b>
<b>Total direct rate</b>										
Monthly Base Rate <sup>1</sup>	3.28	3.36	3.36	5.00	11.35	13.06	18.06	18.06	18.06	18.06

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

Source: Riverside Public Utilities, Finance Services

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

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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>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
<b>2012</b>	0.16068	0.15991	0.11088	0.17938
<b>2013</b>	0.16274	0.15913	0.11030	0.18375

Source: Riverside Public Utilities, Finance Services

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

Electricity Customer	2013		2004	
	Electricity Charges	Percent of Total Electric Revenues	Electricity Charges	Percent of Total Electric Revenues
Local University	\$10,828,940	3.60%	N/A	N/A
Local Government	7,920,390	2.63%	N/A	N/A
Local Government	7,447,872	2.47%	N/A	N/A
Local School District	4,199,138	1.39%	N/A	N/A
Corporation	3,386,525	1.12%	N/A	N/A
Corporation	3,337,147	1.11%	N/A	N/A
Hospital	2,457,850	0.82%	N/A	N/A
Corporation	2,428,008	0.81%	N/A	N/A
Local School District	2,091,371	0.69%	N/A	N/A
Shopping Mall	2,087,427	0.69%	N/A	N/A
	<u>\$46,184,668</u>	<u>15.33%</u>	<u>N/A</u>	<u>N/A</u>

Retail Sales Per Financial Statements \$301,196,912

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
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
2012	16,107	-	-	-	127,480	207,278	5,220	4,000
2013	15,314	-	43,762	-	122,005	158,697	8,424	28,652

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			
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
2012	1,063,853	73,821	1,332	1,499,091	22.01%	4.86
2013	1,031,839	70,798	2,558	1,482,049	21.41%	4.75

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

Source: City of Riverside Notes to Financial Statements and Statistical Table 19.

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

(in thousands, except per capita amount)

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Pension Bonds</b>	<b>Certificates of Participation</b>	<b>Tax Allocation Bonds</b>	<b>Total</b>	<b>Percent of Assessed Value <sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
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
2012	16,107	127,480	207,278	-	350,865	2.15%	1,137
2013	15,314	122,005	158,697	-	296,016	1.80%	949

Notes:

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

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

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

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

**Table 16**  
**City of Riverside**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2013**

2012-13 Assessed Valuation:	\$ 22,210,675,685
Less Dissolved Redevelopment Agency Incremental Valuation:	<u>5,794,963,931</u>
Adjusted Assessed Valuation:	<u>\$ 16,415,711,754</u>

	<u>Total Debt</u>	<u>% Applicable</u>	<u>City's Share of Debt<sup>1</sup></u>
<b>Overlapping debt repaid with property taxes<sup>2</sup></b>			
Metropolitan Water District	\$ 1,650,850	1.074%	\$ 1,773,013
Riverside City Community College District	229,362,310	30.024	68,863,740
Alvord Unified School District	202,965,954	70.989	144,083,501
Riverside Unified School District	143,310,000	86.884	124,513,460
Corona-Norco Unified School District	267,300,000	0.001	2,673
Jurupa Unified School District	49,050,000	0.002	981
Moreno Valley Unified School District	39,508,524	12.787	5,051,955
Alvord Unified School District Community District No.2006-1	8,155,000	79.771	6,505,325
Riverside Unified School District Community Facilities Districts	85,685,000	89.192-100.	85,545,309
City of Riverside Community Facilities Districts	12,235,000	100.	12,235,000
City of Riverside 1915 Act Bonds	27,865,000	100.	<u>27,865,000</u>
Total overlapping debt repaid with property taxes			<u>\$ 476,439,957</u>

(continued)

**Table 16**  
**City of Riverside**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2013**

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

Riverside County General Fund Obligations	\$ 650,309,993	11.188%	\$ 72,756,682
Riverside County Pension Obligations	346,790,000	11.188	38,798,865
Riverside County Board of Education Certificates of Participation	3,900,000	11.188	436,332
Alvord Unified School District Certificates of Participation	2,027,061	70.989	1,438,990
Corona-Norco Unified School District Certificates of Participation	30,000,000	0.001	300
Jurupa Unified School District Certificates of Participation	6,850,000	0.002	137
Moreno Valley Unified School District Certificates of Participation	18,585,000	12.787	2,376,464
Riverside Unified School District General Fund Obligations	12,585,000	86.884	10,934,351
Total other overlapping debt			126,742,121
Less: Riverside County supported obligations			1,304,266
			<u>125,437,855</u>
Overlapping tax Increment debt			<u>267,653,578</u>
Total overlapping debt			869,531,390
City direct debt			<u>376,854,000</u>
Combined total direct and overlapping debt			<u><u>\$ 1,246,385,390</u></u>

(1) Debt balances are as of April 1, 2013 (most recent available) for other agency debt, and June 30, 2013 for all City of Riverside direct debt.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, non-bonded capital lease obligations.

Qualified Zone Academy bonds are included based on principal due at maturity.

Ratios to 2012-13 Assessed Valuation:

Total debt repaid with property taxes.....	2.15%
City direct debt (\$376,854,000).....	1.70%
Combined total direct and overlapping debt.....	5.61%

Ratios to Dissolved Redevelopment Incremental Valuation (\$5,794,963,931):

Total overlapping tax Increment debt.....	4.62%
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Overlapping governments are those that coincide at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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



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

	(in thousands)									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed valuation	\$12,508,013	\$13,740,349	\$14,614,159	\$16,395,629	\$17,950,082	\$ 18,243,019	\$ 16,840,575	\$ 16,396,996	\$ 16,342,830	\$ 16,415,712
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,127,003	3,435,087	3,653,540	4,098,907	4,487,521	4,560,755	4,210,144	4,099,249	4,085,708	4,103,928
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	469,050	515,263	548,031	614,836	673,128	684,113	631,522	614,887	612,856	615,589
Total net debt applicable to limit:	20,285	20,280	19,858	19,331	18,774	18,171	17,533	16,845	16,107	15,314
Legal debt margin	448,765	494,983	528,173	595,505	654,354	665,942	613,989	598,042	596,749	600,275
Total net debt applicable to the limit as a percentage of debt limit	4.3%	3.9%	3.6%	3.1%	2.8%	2.7%	2.8%	2.7%	2.6%	2.5%

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

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

**Table 18**  
**City of Riverside**  
**Pledged-Revenue Coverage**  
**Business Type Activity Debt**  
**Last Ten Fiscal Years**

(in thousands)

Fiscal Year	Electric Revenue Bonds						Water Revenue Bonds					
	Pledged Revenue <sup>1</sup>	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage	Pledged Revenue <sup>1</sup>	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
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
2012	340,098	221,876	118,222	25,174	27,630	2.24	73,557	35,309	38,248	4,708	8,872	2.82
2013	348,187	226,997	121,190	18,486	25,941	2.73	72,700	35,940	36,760	5,395	8,700	2.61

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

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

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

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

**Table 19**  
**City of Riverside**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

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<b>Calendar Year</b>	<b>Population <sup>1</sup></b>	<b>Personal Income <sup>2</sup> (in thousands)</b>	<b>Per Capita Personal Income <sup>2</sup></b>	<b>Unemployment Rate <sup>3</sup></b>
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
2011	308,511	6,811,923	22,080	13.7
2012	311,955	6,923,217	22,193	9.7

Sources:

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

<sup>2</sup> Demographic Estimates for 2002-2009 are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries. Demographic Estimates for 2010 and later are per the US Census Bureau, most recent American Community Survey.

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

**Table 20**  
**City of Riverside**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
County of Riverside	11,187	1	7.6%	N/A	N/A	N/A
Riverside Unified School District	5,580	2	3.8%	N/A	N/A	N/A
University of California	5,497	3	3.7%	N/A	N/A	N/A
Kaiser	4,500	4	3.1%	N/A	N/A	N/A
City of Riverside	2,687	5	1.8%	N/A	N/A	N/A
Riverside Community College District	2,087	6	1.4%	N/A	N/A	N/A
Riverside Community Hospital	1,880	7	1.3%	N/A	N/A	N/A
Riverside County Office of Education	1,765	8	1.2%	N/A	N/A	N/A
Alvord Unified School District	1,445	9	1.0%	N/A	N/A	N/A
Parkview Community Hospital	1,350	10	0.9%	N/A	N/A	N/A
Total	<u>37,978</u>		<u>25.9%</u>	<u>N/A</u>		<u>N/A</u>

N/A - not available

Source: City of Riverside, Finance Department

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

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General government	318.36	331.88	377.15	412.22	436.35	439.10	433.40	431.40	440.40	413.90
Public safety										
Police <sup>1</sup>	567.83	568.83	589.33	618.33	637.33	591.93	589.93	589.93	599.93	596.75
Fire	219.65	221.11	221.73	251.73	254.21	254.21	255.46	255.46	255.46	255.46
Firefighters and Police Officers	557.00	557.46	566.46	620.46	632.46	633.46	632.46	632.46	632.46	632.46
Highways and streets	285.10	281.35	262.35	286.35	318.35	369.65	349.50	348.11	357.11	362.11
Sanitation	48.49	48.49	59.49	60.29	64.29	58.60	59.00	56.00	56.00	57.00
Culture and recreation	302.92	300.92	311.45	324.26	339.52	340.71	328.07	328.07	341.22	351.48
Airport	6.00	6.00	6.00	7.00	7.00	7.00	7.00	9.50	9.50	9.50
Water	130.00	130.00	133.00	142.00	167.00	167.00	177.65	180.15	181.15	181.15
Electric	295.60	305.60	337.60	351.35	404.60	408.10	419.45	448.50	452.50	459.50
<b>Total</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>	<b>2,693.27</b>	<b>2,686.85</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 Department

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

<b>Function/Program</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>	<b>2012</b>	<b>2013</b>
Police										
Arrests	11,951	11,280	10,093	9,827	9,367	10,150	8,690	8,118	7,736	8,362
Fire										
Number of calls answered	25,876	26,505	26,696	27,458	27,429	26,397	26,484	27,322	27,637	29,988
Inspections	16,306	17,028	19,261	7,261	10,812	7,638	7,234	6,505	10,074	10,151
Public works:										
Street resurfacing (miles)	62.37	102.45	51.26	73.40	26.27	18.90	20.00	21.25	18.43	16.50
Parks and recreation										
Number of recreation classes	15,135	15,195	16,272	19,079	22,146	21,884	27,762	37,303	43,318	41,364
Number of facility rentals	27,014	27,074	27,483	32,980	35,076	36,822	34,565	42,638	43,288	43,358
Water										
Number of accounts	61,668	62,492	62,985	63,431	63,494	64,062	64,231	64,349	64,367	64,591
Annual consumption (ccf)	30,596,320	27,875,253	28,865,030	32,110,208	30,583,266	29,721,236	26,687,271	25,902,439	27,062,142	28,186,178
Electric										
Number of accounts	100,766	103,463	104,294	105,226	106,015	106,385	106,335	106,855	107,321	107,525
Annual consumption (kwh)	2,322	2,432	2,359	2,462	2,526	2,282	2,089	2,016	2,103	2,193
Sewer:										
New connections	7,034	9,621	16,717	15,423	16,412	18,765	16,971	17,746	18,166	17,607
Average daily sewage treatment (millions of gallons)	35.24	38.07	35.91	32.50	32.10	33.00	33.29	30.06	29.84	29.57

<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

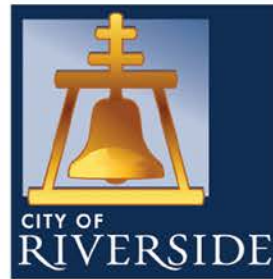
**Table 23**  
**City of Riverside**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2004	2005 (1)	2006	2007 (2)	2008	2009	2010	2011	2012	2013
Public Safety										
Police										
Stations	2	2	3	3	3	3	3	3	3	3
Substations	11	7	5	4	4	5	4	4	4	4
Helicopters	4	4	4	4	4	4	4	4	4	4
Fire										
Stations	13	13	13	14	14	14	14	14	14	14
Active apparatus	30	30	29	30	30	30	30	26	27	28
Reserve apparatus	5	5	6	6	6	7	7	9	9	11
Training facilities	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	829.00	836.00	845.35	852.04	864.68	866.89	867.96	868.39	868.70	868.89
Streetlights	28,401	28,581	28,847	29,028	29,312	29,675	29,757	29,868	29,933	29,949
Signalized intersections	322	322	353	358	363	365	362	362	365	365
Culture and recreation										
Parks acreage	2,500.00	2,534.00	2,534.00	2,773.00	2,773.00	2,773.00	2,773.00	2,811.00	2,811.00	2,891.00
Community centers	10	11	11	11	11	11	11	11	11	11
Playgrounds	26	26	27	38	38	41	41	41	41	43
Swimming pools	6	7	6	7	7	7	7	7	7	7
Softball & baseball diamonds	34	35	33	44	44	44	44	49	51	54
Library branches	5	5	6	6	6	7	7	8	8	8
Museum exhibit-fixed	11	8	7	13	8	6	5	8	5	3
Museum exhibit-special	4	1	-	2	5	2	2	2	1	4
Water										
Fire hydrants	6,763	6,926	7,127	7,187	7,381	7,523	7,593	7,632	7,682	7,726
Sewer										
Sanitary sewers (miles)	755	765	775	785	794	794	820	823	829	829
Electric										
Miles of overhead distribution system	539.0	531.0	527.0	528.0	523.5	522.0	519.0	517.0	515.0	513.0
Miles of underground system	608.0	622.0	663.0	704.0	741.6	769.0	782.0	791.0	804.0	810.0

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*

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