



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RIVERSIDE, CALIFORNIA



YEAR ENDED  
JUNE 30, 2017



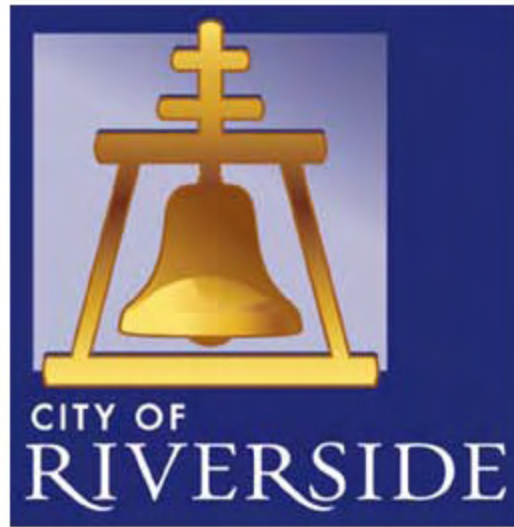
**CITY OF RIVERSIDE, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR FISCAL YEAR ENDED JUNE 30, 2017**

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**Prepared by the Finance Department**  
**Adam Raymond, Chief Financial Officer/Treasurer**

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

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**CITY OF RIVERSIDE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED JUNE 30, 2017**

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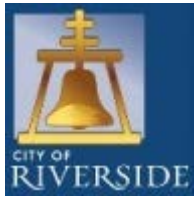
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October 31, 2017

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, 2017.

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

The City's financial statements have been audited by Macias Gini & O'Connell LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2017. The independent auditor's report is presented as the first component of the financial section of this CAFR.

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

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

## Profile of the City of Riverside

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

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

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

The annual budget serves as the foundation for the City's financial planning and control. Consistent with the City's Charter, the City Manager presents the proposed budget to the City Council for review at least thirty-five calendar days prior to the beginning of 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 25 as part of the basic financial statements for the governmental funds. For governmental funds other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which begins on page 75.

**Local economy:** The City is located in Inland Southern California, which consists of Riverside and San Bernardino Counties (the "MSA"). The population of Inland Southern California, at approximately 4.2 million, is larger than 24 states. The City leads the Inland Southern California in most measures of economic power, including population, income, employment, bank deposits, assessed valuation, office space and college enrollment. The population of the City is 326,792 which places it as the 12<sup>th</sup> largest in Southern California.

Unemployment in the MSA is currently at 6.1% down from 6.6% for the same period last year with modest improvements in the real estate and home building sectors.

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:** Through various strategic planning workshops the City Council identified the following seven strategic priorities for the City:

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

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

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

Riverside 2.0 also includes five effective government principles that are reinforced through management's actions:

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



The City is in the initial implementation phase of the Strategic Plan and provides the City Council with periodic updates until the goals of the Strategic Plan have been fully implemented which is anticipated to be in several years.

**Long-term financial planning:** For the fiscal year (FY) 2016-17 and 2017-18 Budget Cycle, the City's first two-year budget in the context of a five-year financial plan was presented. It is a process designed to bring enhanced transparency to the City's finances, operations and strategic goals both internally with employees and departments, and externally with the residents and businesses. For the first time, the City's budget included a comprehensive Five-Year Capital Improvement Program (CIP) document as a separate section which serves as a framework for policy decisions on the two-year budget as well as in the future. Among other things, the five-year plan allows the City to illustrate fiscal impacts of budget decisions on the General Fund Reserves through June 30, 2021.

The first two years included anticipated funding source for 87 projects in FY 2016-17 and 70 projects in FY 2017-18. The funded CIP projects are incorporated into the City's proposed FY 2016-18 Biennial Budget. The last three years of the CIP plan, from FY 2018-19 through 2020/21, contain projects that are anticipated to be funded during the term of the Five-Year CIP Plan.

The CIP two-year budget is \$93 million for FY 2016-17 and \$65 million for FY 2017-18. The CIP five-year plan presents a \$348 million planned CIP revenue and expenditure budget for FY 2016-17 through FY 2020-21. The proposed CIP responds to the needs of our residents to ensure the streets, public buildings, sewer, water, and electric infrastructure, and parks are well maintained and operated for optimum health and safety, added value, increased efficiency and functionality, enhanced attractiveness and beautification, and compliance to legal mandates. The CIP document places equal emphasis on planning for new projects as well as improving and preserving existing capital assets.

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

**Measure Z:** Measure Z is a one-cent transaction and use tax, with revenues going directly to the City of Riverside. Measure Z was approved by voters on November 8, 2016 to help pay for critical unfunded City programs and services, such as public safety, prevention of homelessness, road maintenance and tree trimming, recreation and parks, and more. The one-cent increase in sales tax is estimated to generate between \$48 million and \$52 million annually specifically for the City of Riverside's General Fund, which pays for most services.

The City began receiving these revenues in May-June 2017, with the anticipated collection of approximately \$12 million in FY 2016-17 and the entire years' worth of \$50 million in FY 2017-18. On May 16, 2017, the City Council approved a Measure Z Spending Plan, which appropriated \$9.5 million in FY 2016-17 and \$20.5 million in FY 2017-18 to cover the projected General Fund shortfalls and increase the General Fund Reserves to 15% in the first year, and 20% in the second year.

**General Fund Restructuring:** As part of the Mid-Cycle Budget Update, staff analyzed all General Fund activity and determined that restructuring of the General Fund for FY 2017-18 was required in order to provide for greater transparency between true General Fund activity and other financial activity that has historically been in the General Fund. New funds have been established for Civic

Entertainment and Special Districts. While the majority of these items are self-supported by specific revenues, certain operations will require a General Fund operating transfer to ensure expenditures are supported by revenues. These changes reduce the size of the General Fund by approximately \$19.1 million, from \$275.7 million based on projections to \$256.6 million. This may reduce the transfer of Measure Z funds to the General Fund at the end of FY 2017-18 to maintain a 20% reserve

Finally, staff consolidated three separate debt funds into one general government debt fund. While this does not reduce the size or financial requirements of the General Fund, it was a necessary measure to ensure transparency.

**Financial policies:** Fiscal policies establish framework for managing the City's financial resources and safeguarding the City's assets in compliance with relevant regulatory mandates, industry standards, and best practices. Maintaining healthy reserves in the General Fund, and other Funds as well, is a critical component of the City's sound financial management practices. As a result, the City formally adopted a General Fund, Water Fund, Sewer Fund and Electric Fund reserve policy; the City is in the process of adopting a Self-Insurance Trust Fund reserve policy. The policy establishes minimum required reserve balances for each of those funds.

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

**Budget Engagement Commission (BEC):** On January 10, 2017, the City Council adopted the final reading of an ordinance to establish the BEC. The purpose of BEC is to advise the City Council on spending and policy priorities based on the information received through quarterly financial and performance reports, including revenues from Measure Z. The BEC will also work with staff to maximize public engagement on municipal budgetary issues.

The BEC is composed of 18 members, consisting of 1) nine resident members, with seven nominated by each of the Council members to represent each of the City's wards, and two Citywide nominations made by the Mayor; and 2) nine business members, with seven nominated by each of the Council members who own a business in their ward or live in their ward or own a business in any ward, and two Citywide nominations made by the Mayor. BEC members were appointed on February 14, 2017.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Program) to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the twenty-eighth consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized CAFR that satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

Budget Presentation Award: The City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2016. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Adam Raymond", is centered on a light-colored rectangular background.

Adam Raymond  
Chief Financial Officer/City Treasurer



Government Finance Officers Association

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

Presented to

**City of Riverside  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

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, 2016.

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

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

**ORGANIZATION CHART**



**LEGISLATIVE OFFICIALS**

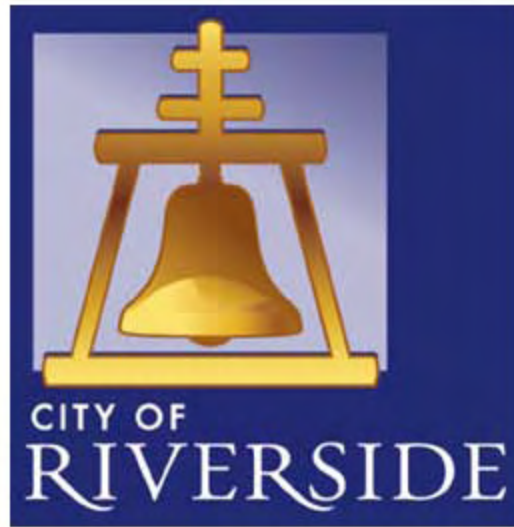
Rusty Bailey ..... Mayor  
 Mike Gardner ..... Councilmember – Ward 1  
 Andy Melendrez ..... Councilmember – Ward 2  
 Mike Soubrouis ..... Councilmember – Ward 3  
 Chuck Conder ..... Councilmember – Ward 4  
 Chris Mac Arthur ..... Councilmember – Ward 5  
 Jim Perry ..... Councilmember – Ward 6 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

**CITY OFFICIALS**

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

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

\*Appointed by City Council





Certified  
Public  
Accountants

## Independent Auditors' Report

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Riverside, California (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 -18, pension schedule of changes in net pension liability and related ratios during the measurement period on page 67, pension schedule of plan contributions on page 68 and other post-employment benefits schedules of funding progress on page 69, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Macias Gini & O'Connell LLP*

Newport Beach, California  
October 31, 2017



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

As management of the City, we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on page i of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars (0,000).

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

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

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages 19-20 of this report.

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

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

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

The City maintains 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 71-77 in this report.

The City adopted an annual appropriated budget for its General Fund for the Year ended June 30, 2017. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 21-25 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements (*business-type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water and Sewer operations, all of which are considered to be major funds of the City. The four remaining proprietary funds noted above are combined into a single, aggregated presentation. All internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major proprietary funds and the internal service funds is provided in the form of *combining statements* and can be found on pages 79-88 in this report.

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

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

The fiduciary fund financial statements can be found on page 31-32 of this report, and the combining statement for the agency fund can be found on page 90.

**Notes to Basic Financial Statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Basic Financial Statements begin on page 33 of this report.

### **Government-wide Financial Analysis**

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

(Amounts presented in Thousands)

	Governmental Activities		Business type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 267,671	\$ 273,925	\$ 709,575	\$ 736,950	\$ 977,246	\$ 1,010,875
Capital assets, net	1,356,278	1,377,609	1,834,007	1,778,027	3,190,285	3,155,636
Total assets	1,623,949	1,651,534	2,543,582	2,514,977	4,167,531	4,166,511
Deferred Outflows of Resources	178,732	131,318	103,067	98,835	281,799	230,153
Current liabilities	64,559	76,188	138,896	162,967	203,455	239,155
Long-term liabilities	828,551	772,609	1,418,369	1,416,469	2,246,920	2,189,078
Total liabilities	893,110	848,797	1,557,265	1,579,436	2,450,375	2,428,233
Deferred Inflows of Resources	64,455	92,935	47,854	58,836	112,309	151,771
Net position:						
Net investment in capital assets	1,102,409	1,123,910	702,844	654,870	1,805,253	1,778,780
Restricted	104,853	106,488	93,570	85,526	198,423	192,014
Unrestricted	(362,146)	(389,278)	245,116	235,144	(117,030)	(154,134)
Total net position	\$ 845,116	\$ 841,120	\$ 1,041,530	\$ 975,540	\$ 1,886,646	\$ 1,816,660

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,886,646 at June 30, 2017, an increase of \$69,986 from June 30, 2016.

By far the largest portion of the City's net position of 96% 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 11% 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, \$245,116 is held by the business-type activities and \$(362,146) net deficit is held by the governmental activities.

Unrestricted net position in the amount of \$(117,030), a decrease of 24% from prior year, is the change in resources available to fund City programs to citizens and debt obligations to creditors. The negative unrestricted net position is primarily the result of the reporting of the City's net pension liability in accordance with an accounting standards issued by the Government Accounting Standards Board (GASB) that relates to pension activity; Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.

Governmental activities increased the City's net position by \$3,996 to \$845,116 for the year ended June 30, 2017, accounting for 6% of the City's total increase in net position. The primary result of this increase is due to an increase in deferred outflows related to the City's pension obligations which are changes in total pension liability and fiduciary net position that are to be recognized in future pension expense. Governmental activities operating results is discussed on page 9 and business-type operating results is discussed on page 12.

On the following page is a condensed summary of activities of the City's governmental and business-type operations for the period ended June 30, 2017 with the prior fiscal year presented for comparative purposes. Also included in the following analysis are revenue and expense graphs to aid in understanding the results of the current year's activities.

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(Amount presented in Thousands)

	Governmental Activities		Business type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charge for services	\$ 57,340	\$ 46,354	\$ 517,941	\$ 493,094	\$ 575,281	\$ 539,448
Operating Grants and Contributions	19,374	16,321	3,751	2,322	23,125	18,643
Capital Grants and Contributions	7,617	31,216	24,151	18,868	31,768	50,084
General Revenues:						
Sales taxes	75,883	60,976	-	-	75,883	60,976
Property taxes	59,526	55,545	-	-	59,526	55,545
Other taxes and fees	39,394	39,651	-	-	39,394	39,651
Investment income	6,145	729	2,650	6,888	8,795	7,617
Other	2,195	12,185	14,662	22,666	16,857	34,851
Total Revenues	<u>267,474</u>	<u>262,977</u>	<u>563,155</u>	<u>543,838</u>	<u>830,629</u>	<u>806,815</u>
Expenses:						
General government	45,110	24,483	-	-	45,110	24,483
Public safety	160,665	161,284	-	-	160,665	161,284
Highways and streets	38,585	38,836	-	-	38,585	38,836
Culture and recreation	48,806	47,762	-	-	48,806	47,762
Interest on long-term debt	16,028	16,387	-	-	16,028	16,387
Electric	-	-	317,335	307,925	317,335	307,925
Water	-	-	62,189	57,769	62,189	57,769
Sewer	-	-	38,305	39,978	38,305	39,978
Airport	-	-	1,998	1,799	1,998	1,799
Refuse	-	-	21,953	21,652	21,953	21,652
Transportation	-	-	4,221	4,113	4,221	4,113
Public parking	-	-	5,448	5,141	5,448	5,141
Total expenses	<u>309,194</u>	<u>288,752</u>	<u>451,449</u>	<u>438,377</u>	<u>760,643</u>	<u>727,129</u>
Increase (decrease) in net position	(41,720)	(25,775)	111,706	105,461	69,986	79,686
Transfers, net	45,716	41,216	(45,716)	(41,216)	-	-
Total changes in net position	<u>3,996</u>	<u>15,441</u>	<u>65,990</u>	<u>64,245</u>	<u>69,986</u>	<u>79,686</u>
Net position - beginning	841,120	825,679	975,540	911,295	1,816,660	1,736,974
Net position - ending	<u>\$ 845,116</u>	<u>\$ 841,120</u>	<u>\$ 1,041,530</u>	<u>\$ 975,540</u>	<u>\$ 1,886,646</u>	<u>\$ 1,816,660</u>

**Governmental activities.** Total net position for governmental activities increased by \$3,996 from prior year. Governmental activities net position in the prior fiscal year increased by \$15,441. Key elements of this year's activity in relation to the prior year are as follows:

**Revenues:**

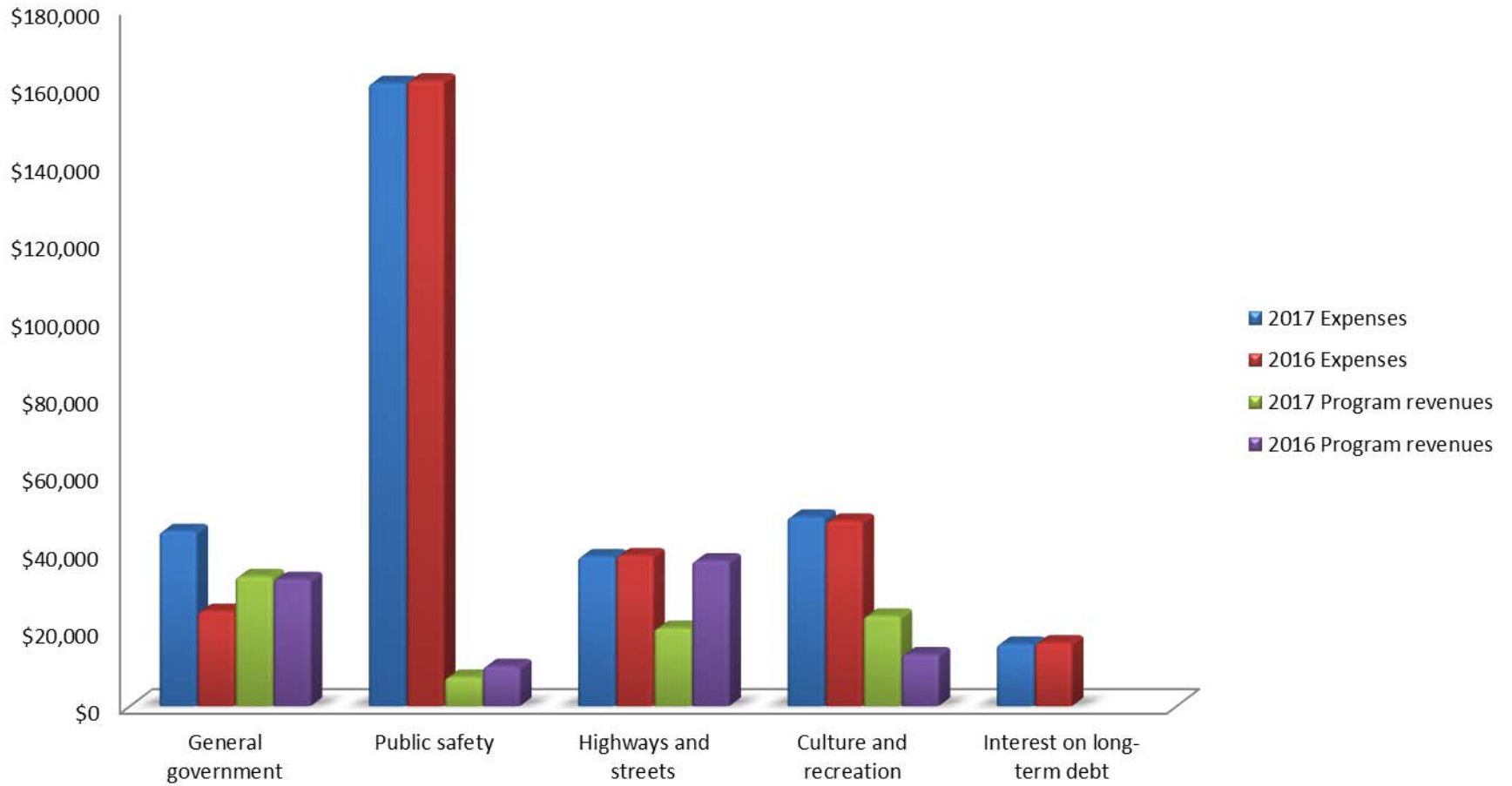
- While variances between years exist for the various revenue categories, the total net increase was approximately \$4.5 million or 2%, which is largely attributable to a decrease in capital grants and contributions offset by significant increases in sales tax and charges for services. Capital grants and contributions decreased by approximately \$23.6 million or 76%. The largest component of the decrease relates to capital outlay projects. Specifically, the City completed several major grade separation projects in the prior fiscal year such as Streeter and Riverside Avenue grade separations. Prior year expenses for these grade separation projects account for \$14.4 million of the decrease.
- The City experienced increases in charges for services from its Convention Center and the Riverside Municipal Auditorium in the amounts of \$1.3 million and \$1.42 million, respectively. In addition, revenues were up almost \$1.0 million on residential development fees which coincides with recent increases in the economic outlook. As the result of Measure Z, a one cent sales tax initiative that was approved by voters in November 2016, the City experienced a significant increase in sales tax revenue of \$14.9 million of which \$12.0 million is directly related to the passing and implementation of Measure Z.

**Expenses:**

- While variances between years exist for the various expense functions, the total net increase was approximately \$20.0 million or 7%. This is primarily related to an increase of approximately \$17.9 million in pension expense related to the annual recording of the City's pension liability. Increases in other expense categories were minimal and in line with anticipated results.

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**Program Revenues and Expenses – Governmental Activities – Fiscal Year Comparison 2017 vs. 2016**

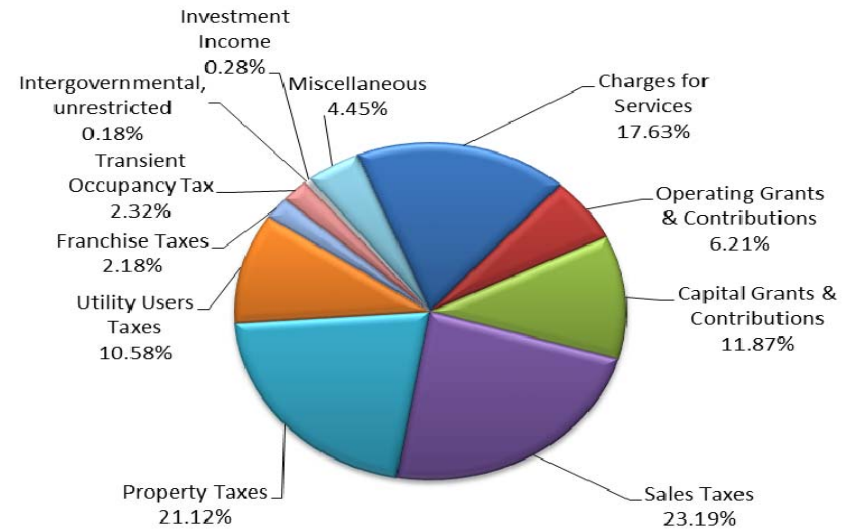
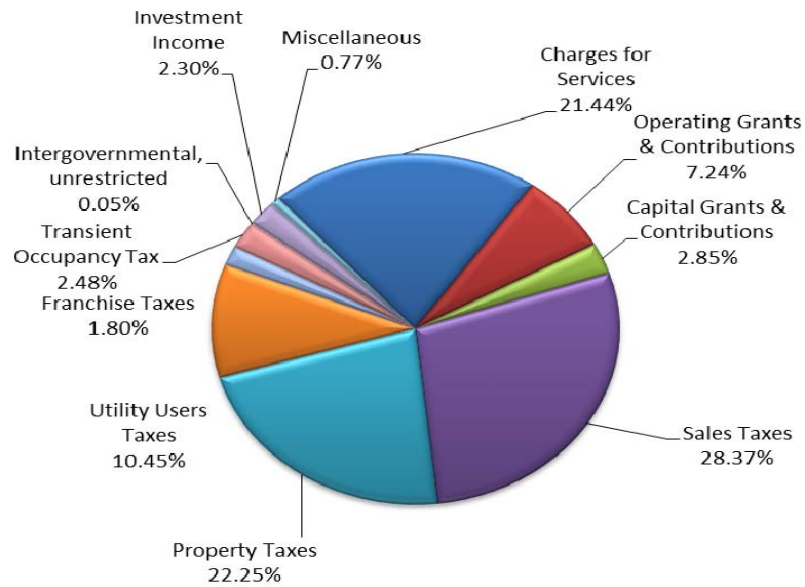




**Revenues by Source – Governmental Activities – Fiscal Year Comparison 2017 vs. 2016**

**2017**

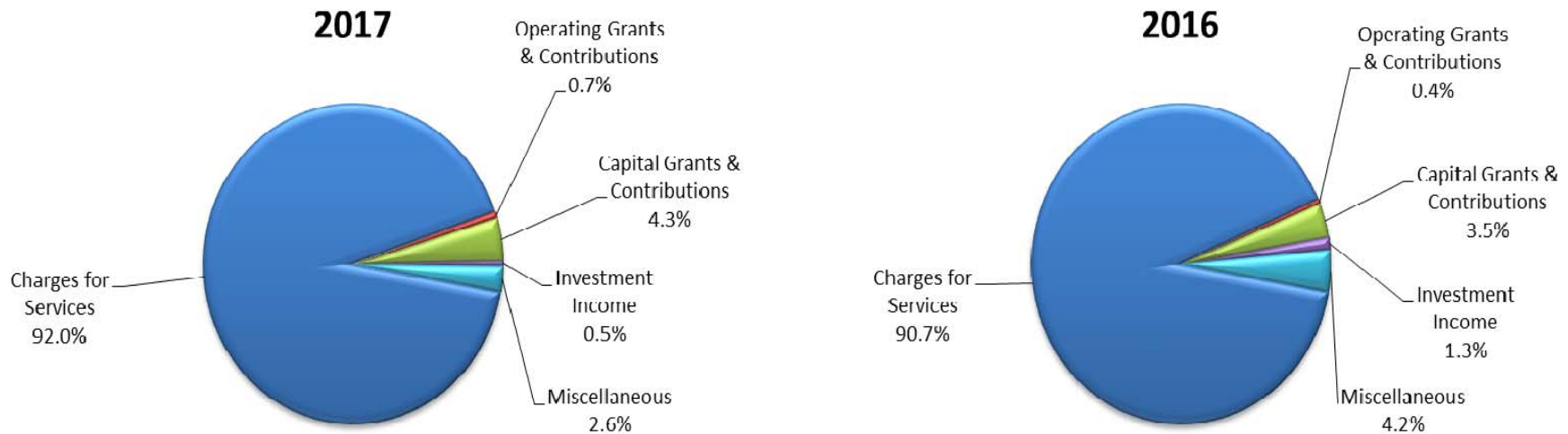
**2016**



**Business-type activities.** The net position of business-type activities increased by \$65,990 accounting for a 6% increase in total net position. The net position of business-type activities increased by \$65,990 in the prior year. Key elements of this year's activity in relation to the prior year are as follows:

- Charges for services increased by \$24,847 or 5%. The Electric Utility experienced an increase in charges for services of approximately \$11.5 million primarily in the areas of retail sales, transmission and other operating revenue. Retail sales increased \$4.1 million due to increased consumption brought on by warmer weather. Transmission revenue increased \$2.6 million due to the City's high voltage specific utility rate and other operating revenue increased \$5.5 million due to an increase in proceeds on the sale of renewable energy credits and on the sale of cap and trade allowances. In addition, Water Utility and Sewer charges for services were up approximately \$4,300 and \$7,100 million, respectively. The increase in Water Utility revenues was a result of increased consumption after the lifting of State water restriction mandates and warmer weather during the summer season. Sewer revenues increased \$7,071 primarily as a result of an 8% increase in sewer rates and significant infrastructure improvements and developments that came online during the year.
- Overall expenses increased by \$13,072 primarily as the result of increased expenses in the Electric and Water Fund of \$9,410 and \$4,420, respectively, were directly related to increases in energy and water distribution costs.

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



## Financial Analysis of the City's Funds

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

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

(Amounts presented in Thousands)

	General Fund		Capital Outlay Fund		Other Governmental Funds		Total Governmental Funds	
	2017	2016	2017	2016	2017	2016	2017	2016
Total assets	\$ 125,798	\$ 106,710	\$ 23,681	\$ 29,387	\$ 100,635	\$ 124,654	\$ 250,114	\$ 260,751
Total liabilities	\$ 36,536	\$ 33,042	\$ 2,559	\$ 5,132	\$ 10,440	\$ 12,702	\$ 49,535	\$ 50,876
Deferred inflows of resources								
Unavailable revenue	6,192	8,090	3,176	5,582	37,688	37,535	47,056	51,207
Fund balances								
Nonspendable	26,168	23,094	-	-	1,601	1,619	27,769	24,713
Restricted	2,651	3,067	17,946	18,673	50,930	72,798	71,527	94,538
Assigned	14,968	9,922	-	-	-	-	14,968	9,922
Unassigned	39,283	29,495	-	-	(24)	-	39,259	29,495
Total fund balance	83,070	65,578	17,946	18,673	52,507	74,417	153,523	158,668
Total liabilities, deferred inflows and fund balances	\$ 125,798	\$ 106,710	\$ 23,681	\$ 29,387	\$ 100,635	\$ 124,654	\$ 250,114	\$ 260,751

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$153,523 a decrease of \$5,145 compared to the prior year. Additionally, 18% of the fund balance \$27,769 is *nonspendable*, which comprises the portion of fund balance that cannot be spent due to form. \$71,527 or 47% of fund balance is *restricted*, which represents the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors. \$14,968 or 10% 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. The City's governmental funds reported combined total assets of \$250,114 at June 30, 2017, a decrease of \$10,637 compared to the prior year. Liabilities and deferred inflows of resources amounted to \$96,591, a decrease of \$5,492. Other Governmental Funds was the primary contributor to the decrease in overall assets and deferred inflows. A loan payoff in the form of an advance to the Successor

Agency was received earlier than anticipated from a hotel development project in the amount of \$17.9 million. Additional other similar recurring loan payments were received in the current year that contributed to the additional decrease in total asset receivables. This was offset to a small degree by an increase in total assets for the General Fund primarily due to an increase in cash and investments and increased sales tax revenue.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled \$83,070 in comparison to \$65,578 in the prior year. The portion of fund balance classified as unassigned was \$39,283 set aside for future economic contingencies.

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

Unrestricted net position of the Electric, Water and Sewer Funds at the end of the year amounted to \$207,042, \$27,550, and \$18,614 respectively. The unrestricted net position for the Electric, Water and Sewer Funds in the prior year was \$203,050, \$36,569, and \$5,093, respectively. The increase in unrestricted net position of the Electric and Sewer Fund was the result of increased operating activities. The decrease in unrestricted net position for the Water Fund is primarily a result of operating activities as described below.

Electric Fund operating results experienced an increase in charges for services of \$11,536 or 3.3%, primarily from the effects of an increase in retail load as a result of warmer than normal temperature. Retail sales (residential, commercial, industrial, and other sales) represent 84.4% of total revenues. Retail sales, net of reserve/recovery were \$308,790 and \$304,486 for years ended June 30, 2017 and 2016, respectively. The increase in sales was primarily due to increased customer consumption; increased voltage utility specific rate per the annual filing with the Federal Energy Regulatory Commission; increased proceeds on sale of renewable energy credits and on the sale of cap and trade allowances. Operating expenses increased \$9,814 or 3.50%, which primarily relates to a non-cash pension expense credit of \$5 million in the prior year as a result of pension accounting standards. In addition, in the current year, the City's refinancing of pension obligation bonds resulted in an allocated increase of \$2.6 million for the Electric Utility's share of the obligation.

The Water Fund reported higher operating results, with retail sales higher than the previous year's results by \$4,304. Retail sales (residential, commercial, industrial, and other sales) represent 87.2% of total revenues. Retail sales, net of reserve/recovery were \$54,596 and \$50,195 for the years ended June 30, 2017 and 2016, respectively. The increase in retail sales was primarily due to the lifting of water restriction mandates and warmer weather during the summer season. Distribution expenses were higher which primarily relates to a pension expense credit of \$1.8 million in the prior year as a result of pension accounting standards. In addition, there was an increase in production costs resulting from higher consumption and general operating expenses.

Net position of the Sewer Fund increased by \$25,436 and \$14,570 for the years ended June 30, 2017 and 2016, respectively. Operating revenues increased by \$7,071 or 13.4% primarily as a result of an annual rate increase of 8% and increased sewer connection fees related to infrastructure building unit development. In addition, operating expenses decreased by \$1,233 compared to prior year boosting the funds net position.

## General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Total Revenues	<u>217,236</u>	<u>237,996</u>	<u>238,018</u>	<u>\$22</u>
Expenditures:				
General Government	19,664	22,016	16,451	5,565
Public Safety	158,246	167,773	162,868	4,905
Highways & Streets	19,815	21,747	17,504	4,243
Culture & Recreation	37,986	42,570	40,440	2,130
Capital Outlay	227	7,979	3,361	4,618
Debt Service	19,214	50,359	49,463	896
Total Expenditures	<u>255,152</u>	<u>312,444</u>	<u>290,087</u>	<u>22,357</u>
Deficiency of Revenue Under Expenditures	(37,916)	(74,448)	(52,069)	22,379
Other Financing Sources	<u>35,560</u>	<u>69,491</u>	<u>69,561</u>	<u>70</u>
Net Change in Fund Balances	(2,356)	(4,957)	17,492	22,449
Beginning Fund Balance	<u>65,578</u>	<u>65,578</u>	<u>65,578</u>	<u>-</u>
Ending Fund Balance	<u><u>63,222</u></u>	<u><u>\$60,621</u></u>	<u><u>\$83,070</u></u>	<u><u>\$22,449</u></u>

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

Actual amounts differed from the final fund budget as follows:

Actual expenditures were less than final budgeted amounts by approximately \$22.4 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, 2017 amounted to \$3,190,285 (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 \$34,649 (a decrease of \$21,331 for governmental activities and an increase of \$55,980 for business-type activities).

Major capital improvements during the current fiscal year included: new infrastructure, consisting primarily of a tertiary treatment plant of \$291 million; \$12 million in Water Utility upgrades primarily related to system expansion and improvements, and continued pipeline replacement programs; and \$39 million in Electric Utility capital improvements primarily related to improvements to the Electric system in the form of substations, transformers, neighborhood streetlights and distribution line extensions and replacements to serve customers.

Construction in progress totaled \$125,244 at June 30, 2017 a decrease of \$266,268 or 68.0%. The decrease in construction in progress is primarily related to the completion and capitalization of an upgrade to the City's Water Quality Control Plant in the amount of \$291 million. The main construction project still in process is the Riverside Transmission Reliability Project (RTRP) and related reliability improvements to the Utility's 230 KV Transmission Substation. Depreciation expense during the fiscal year was \$48,564 for governmental activities and \$58,249 for business-type activities.

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

(Amount presented in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$343,918	\$342,792	\$80,246	\$63,839	\$424,164	\$406,631
Construction in progress	44,310	41,535	80,934	349,977	125,244	391,512
Buildings	115,087	119,786	471,137	187,285	586,224	307,071
Improvements other than Buildings	197,482	205,750	1,123,191	1,101,988	1,320,673	1,307,738
Machinery and equipment	22,971	25,075	37,080	34,228	60,051	59,303
Intangibles	131	175	41,419	40,710	41,550	40,885
Infrastructure	632,379	642,496	-	-	632,379	642,496
<b>Total</b>	<b>\$1,356,278</b>	<b>\$1,377,609</b>	<b>\$1,834,007</b>	<b>\$1,778,027</b>	<b>\$3,190,285</b>	<b>\$3,155,636</b>

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

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$1,661,144 which includes bonded debt of \$1,478,820.

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

(Amounts presented in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$11,513	\$12,567	\$ -	\$ -	\$11,513	\$12,567
Pension Obligation Bonds	92,592	101,000	-	-	92,592	101,000
Certificates of Participation	156,516	181,429	-	-	156,516	181,429
Lease Revenue Bonds	37,854	39,398	-	-	37,854	39,398
Revenue Bonds	-	-	1,180,345	1,208,851	1,180,345	1,208,851
Loans Payable	41,325	43,482	-	-	41,325	43,482
Notes Payable	-	-	35,255	37,793	35,255	37,793
Capital Leases	17,193	12,006	6,209	4,694	23,402	16,700
Landfill Capping	-	-	5,390	5,686	5,390	5,686
Water Acquisition Rights	-	-	938	938	938	938
Compensated Absences	22,790	22,444	8,279	8,120	31,069	30,564
Claims liability	44,945	43,269	-	-	44,945	43,269
<b>Total</b>	<b>\$424,728</b>	<b>\$455,595</b>	<b>\$1,236,416</b>	<b>\$1,266,082</b>	<b>\$1,661,144</b>	<b>\$1,721,677</b>

The City’s total debt decreased by \$60,533 or 3.64% during the current fiscal year. The net decrease is primarily related to principal obligation payments on bonded debt.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total adjusted assessed valuation. The legal debt limit was \$720,357 at June 30, 2017, which applies only to general obligation debt. At June 30, 2017, the City had \$11,513 of general obligation debt, resulting in available legal debt capacity of \$708,844.

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

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

- ❑ Unemployment in the City of Riverside is 6.1% as compared to 6.5% for the prior year.
- ❑ The required employer normal cost contribution rates as a percentage of payroll for the City's retirement program will be changing effective July 1, 2017. Additionally, beginning with Fiscal Year 2017-18 CalPERS will collect employer contributions toward the plan's unfunded liability as dollar amounts instead of prior method of a contribution rate combined with the normal cost rate. As a result, the following lists the two required contribution components per plan as follows :
  - Miscellaneous Plan – 22.978% to 12.136%. Unfunded Liability Payment of \$15,126,070.
  - Safety Plan – 34.836% to 19.867%. Unfunded Liability Payment of \$11,912,989.

At the time of the two-year budget preparation for the fiscal year 2016-17 and 2017-18 budget cycle, the economic outlook for the City was considered to be stable. However, there were significant structural shortfalls projected over the next five fiscal years in the General Fund. The City's administration has implemented balancing measures to address the fiscal challenges that will replenish the General Fund Reserve over a five year period. In addition, the City successfully passed a one cent sales tax initiative (Measure Z). The one-cent increase in the City's sales tax rate from 7.75% to 8.75% authorized by Measure Z took effect on April 1, 2017. It is anticipated Measure Z will generate an additional \$51.5 million per year in sales tax revenue.

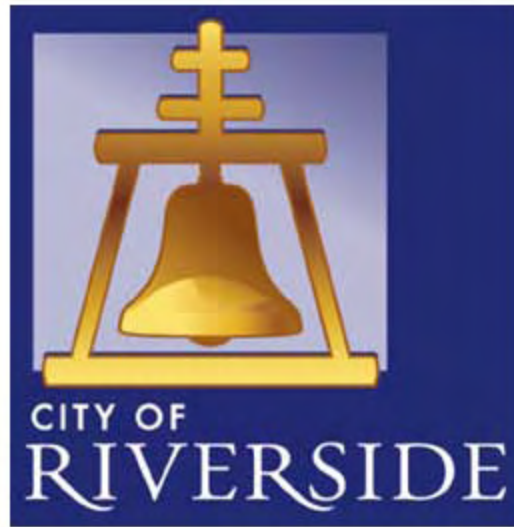
The Budget Engagement Commission (BEC), a group of city residents and business owners appointed to represent the community in advising the City Council on budget matters, held seven meetings to review staff's recommendations for Measure Z spending and to formulate its own proposal for the City Council's consideration. During these meetings, the BEC heard presentations and comments about spending priorities and community needs from city staff, other commissions and boards, and the public. On May 9, 2017, the BEC presented its recommendations to City Council. The recommendation included a five-year plan for spending \$218 Million on community needs. The City Council heard presentations from city staff and public comments recommending spending priorities. On May 16, 2017, the City Council adopted a five-year spending plan for Measure Z revenue. The spending plan addresses 33 of the community's critical needs with 6 major categories: Public Safety; Fiscal Discipline/Responsibility; Quality of Life; Critical Operating Needs; Facility Capital Needs and Technology.

The General Fund Budget for fiscal year 2017 of approximately \$267 million was adopted. It represents an increase from the prior year of approximately 4.0%, largely related to increased personnel costs associated with new labor agreements, CalPERS increases and increases related to the Riverside Convention Center and Municipal Auditorium.

## **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, 2017  
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 129,686	\$ 387,368	\$ 517,054
Receivables, net	87,705	57,824	145,529
Inventory	6,000	2,622	8,622
Prepaid items	2,623	31,355	33,978
Deposits	300	1,272	1,572
Internal balances	16,814	(16,814)	-
Restricted assets:			
Cash and cash equivalents	-	71,741	71,741
Cash and investments at fiscal agent	13,740	158,619	172,359
Other	-	990	990
Advances to Successor Agency Trust Fund	7,531	4,665	12,196
Land and improvements held for resale	3,272	-	3,272
Regulatory assets	-	9,933	9,933
Land and other capital assets not being depreciated	388,228	182,672	570,900
Capital assets (net of accumulated depreciation)	<u>968,050</u>	<u>1,651,335</u>	<u>2,619,385</u>
Total assets	<u>1,623,949</u>	<u>2,543,582</u>	<u>4,167,531</u>
<b>Deferred Outflows of Resources</b>			
Changes in derivative values	15,955	21,038	36,993
Charge on refunding	4,192	16,446	20,638
Pension contributions, changes in assumptions and differences in experience	<u>158,585</u>	<u>65,583</u>	<u>224,168</u>
Total deferred outflows of resources	<u>178,732</u>	<u>103,067</u>	<u>281,799</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	31,627	20,326	51,953
Accrued interest payable	2,652	14,990	17,642
Unearned revenue	2,164	1,440	3,604
Deposits	7,750	6,748	14,498
Derivative instruments	20,366	30,718	51,084
Decommissioning liability	-	64,674	64,674
Noncurrent liabilities:			
Due within one year	51,791	38,725	90,516
Due in more than one year	372,937	1,197,691	1,570,628
OPEB obligation	19,427	15,497	34,924
Net pension liability	<u>384,396</u>	<u>166,456</u>	<u>550,852</u>
Total liabilities	<u>893,110</u>	<u>1,557,265</u>	<u>2,450,375</u>
<b>Deferred Inflows of Resources</b>			
Regulatory charges	-	16,602	16,602
Pension contributions, changes in assumptions and differences in experience	<u>64,455</u>	<u>31,252</u>	<u>95,707</u>
Total deferred inflows of resources	<u>64,455</u>	<u>47,854</u>	<u>112,309</u>
<b>Net Position</b>			
Net investment in capital assets	1,102,409	702,844	1,805,253
Restricted for:			
Expendable:			
Capital projects	25,270	-	25,270
Debt service	-	57,220	57,220
Economic development	17,956	-	17,956
Landfill capping	-	1,738	1,738
Public works	16,220	-	16,220
Housing	43,830	-	43,830
Programs and regulatory requirements	-	34,612	34,612
Nonexpendable	1,577	-	1,577
Unrestricted	<u>(362,146)</u>	<u>245,116</u>	<u>(117,030)</u>
Total net position	<u>\$ 845,116</u>	<u>\$ 1,041,530</u>	<u>\$ 1,886,646</u>

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

City of Riverside  
Statement of Activities  
For the fiscal year ended June 30, 2017  
(amounts expressed in thousands)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business type Activities	Total
Governmental activities:								
General government	\$ 45,110	\$ (17,189)	\$ 27,441	\$ 5,620	\$ 393	\$ 5,533	\$ -	\$ 5,533
Public safety	160,665	8,730	1,167	4,564	1,760	(161,904)	-	(161,904)
Highways and streets	38,585	4,752	5,930	8,965	5,224	(23,218)	-	(23,218)
Culture and recreation	48,806	3,707	22,802	225	240	(29,246)	-	(29,246)
Interest on long-term debt	16,028	-	-	-	-	(16,028)	-	(16,028)
Total governmental activities	<u>309,194</u>	<u>-</u>	<u>57,340</u>	<u>19,374</u>	<u>7,617</u>	<u>(224,863)</u>	<u>-</u>	<u>(224,863)</u>
Business type activities:								
Electric	317,335	-	366,066	-	19,684	-	68,415	68,415
Water	62,189	-	62,627	-	3,525	-	3,963	3,963
Sewer	38,305	-	59,735	-	-	-	21,430	21,430
Airport	1,998	-	1,578	-	161	-	(259)	(259)
Refuse	21,953	-	22,567	-	-	-	614	614
Transportation	4,221	-	359	3,751	781	-	670	670
Public parking	5,448	-	5,009	-	-	-	(439)	(439)
Total business type activities	<u>451,449</u>	<u>-</u>	<u>517,941</u>	<u>3,751</u>	<u>24,151</u>	<u>-</u>	<u>94,394</u>	<u>94,394</u>
Total	<u>\$ 760,643</u>	<u>-</u>	<u>\$ 575,281</u>	<u>\$ 23,125</u>	<u>\$ 31,768</u>	<u>\$ (224,863)</u>	<u>\$ 94,394</u>	<u>\$ (130,469)</u>
General revenues:								
Taxes:								
Sales						75,883	-	75,883
Property						59,526	-	59,526
Utility users						27,958	-	27,958
Franchise						4,814	-	4,814
Transient occupancy tax						6,622	-	6,622
Intergovernmental, unrestricted						145	-	145
Investment income						6,145	2,650	8,795
Miscellaneous						2,050	14,662	16,712
Subtotal						<u>183,143</u>	<u>17,312</u>	<u>200,455</u>
Transfers, net						<u>45,716</u>	<u>(45,716)</u>	<u>-</u>
Total general revenues and transfers						<u>228,859</u>	<u>(28,404)</u>	<u>200,455</u>
Change in net position						<u>3,996</u>	<u>65,990</u>	<u>69,986</u>
Net position - beginning						<u>841,120</u>	<u>975,540</u>	<u>1,816,660</u>
Net position - ending						<u>\$ 845,116</u>	<u>\$ 1,041,530</u>	<u>\$ 1,886,646</u>

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

**City of Riverside**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**  
 (amounts expressed in thousands)

<b>Assets</b>	<b>General Fund</b>	<b>Capital Outlay Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and investments	\$ 59,347	\$ 14,352	\$ 37,466	\$ 111,165
Cash and investments at fiscal agent	1,943	9	11,788	13,740
Receivables (net of allowance for uncollectibles)				
Interest	23	64	118	205
Property taxes	4,274	-	-	4,274
Sales tax	20,360	-	-	20,360
Utility billed	1,210	-	-	1,210
Accounts	6,525	2,858	60	9,443
Intergovernmental	4,050	6,398	3,861	14,309
Notes	1	-	37,244	37,245
Prepaid items	2,599	-	24	2,623
Deposits	300	-	-	300
Due from other funds	1,722	-	-	1,722
Advances to other funds	22,715	-	-	22,715
Advances to Successor Agency Trust Fund	554	-	6,977	7,531
Land & improvements held for resale	175	-	3,097	3,272
Total assets	<u>\$ 125,798</u>	<u>\$ 23,681</u>	<u>\$ 100,635</u>	<u>\$ 250,114</u>
<b>Liabilities</b>				
Accounts payable	\$ 9,291	\$ 627	\$ 941	\$ 10,859
Accrued payroll	19,072	-	-	19,072
Retainage payable	1	41	161	203
Intergovernmental	149	-	-	149
Unearned revenue	273	1,891	-	2,164
Deposits	7,750	-	-	7,750
Due to other funds	-	-	1,415	1,415
Advances from other funds	-	-	7,923	7,923
Total liabilities	<u>36,536</u>	<u>2,559</u>	<u>10,440</u>	<u>49,535</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	6,192	3,176	37,688	47,056
Total deferred inflows of resources	<u>6,192</u>	<u>3,176</u>	<u>37,688</u>	<u>47,056</u>
<b>Fund Balances</b>				
Nonspendable:				
Inventories, prepaids and deposits	2,899	-	24	2,923
Advances	23,269	-	-	23,269
Permanent fund principal	-	-	1,577	1,577
Restricted for:				
Housing and redevelopment	175	-	24,098	24,273
Debt service	1,884	-	6,455	8,339
Transportation and public works	-	17,946	16,232	34,178
Other purposes	592	-	4,145	4,737
Assigned to:				
General government	2,387	-	-	2,387
Public safety	2,357	-	-	2,357
Highways and streets	1,032	-	-	1,032
Culture and recreation	728	-	-	728
Continuing projects	8,464	-	-	8,464
Unassigned	39,283	-	(24)	39,259
Total fund balances	<u>83,070</u>	<u>17,946</u>	<u>52,507</u>	<u>153,523</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 125,798</u>	<u>\$ 23,681</u>	<u>\$ 100,635</u>	<u>\$ 250,114</u>

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

**City of Riverside**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2017**  
**(amounts expressed in thousands)**

Total fund balances - governmental funds \$ 153,523

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. 1,348,644

Deferred refunding charges are not available resources and, therefore, are not reported in the funds. 4,192

Deferred amounts on pensions related to contributions after the measurement date 155,649

Deferred amounts on pensions related to the net difference between projected and actual earnings on pension plan investments (63,095)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 47,056

Accrued interest payable for the current portion of interest due on various debt issues has not been reported in the governmental funds. (2,652)

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

Bonds	\$ (140,150)	
Certificates of participation	(155,350)	
Capital leases	(17,193)	
Loan payable	(41,325)	
Bond premiums	(2,975)	
OPEB obligation	(18,523)	
Net pension liability	(377,006)	
Compensated absences	(22,354)	
		(774,876)

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

Net fair value of interest rate swaps	\$ (20,366)	
Deferred amount related to the hedgeable portion of the derivative instrument	<u>15,955</u>	(4,411)

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. (18,914)

Net position of governmental activities \$845,116

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

**City of Riverside**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2017**  
**(amounts expressed in thousands)**

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 174,803	\$ -	\$ -	\$ 174,803
Licenses and permits	9,815	-	4,640	14,455
Intergovernmental	7,318	10,643	13,479	31,440
Charges for services	31,384	-	-	31,384
Fines and forfeitures	1,975	-	1	1,976
Special assessments	4,443	956	2,179	7,578
Rental and investment income	2,768	25	1,925	4,718
Miscellaneous	5,512	136	1,604	7,252
Total revenues	<u>238,018</u>	<u>11,760</u>	<u>23,828</u>	<u>273,606</u>
<b>Expenditures</b>				
Current:				
General government	16,451	-	4,199	20,650
Public safety	162,868	-	844	163,712
Highways and streets	17,504	-	-	17,504
Culture and recreation	40,440	-	203	40,643
Capital outlay	3,361	9,487	18,152	31,000
Debt service:				
Principal	44,225	-	28,475	72,700
Interest	5,209	-	10,906	16,115
Bond issuance costs	29	-	-	29
Total expenditures	<u>290,087</u>	<u>9,487</u>	<u>62,779</u>	<u>362,353</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(52,069)</u>	<u>2,273</u>	<u>(38,951)</u>	<u>(88,747)</u>
<b>Other financing sources (uses)</b>				
Transfers in	76,948	-	17,573	94,521
Transfers out	(13,497)	(3,000)	(32,308)	(48,805)
Issuance of long-term debt	-	-	31,578	31,578
Capital lease financings	2,109	-	-	2,109
Proceeds from the sale of capital assets	4,001	-	198	4,199
Total other financing sources (uses)	<u>69,561</u>	<u>(3,000)</u>	<u>17,041</u>	<u>83,602</u>
Net change in fund balances	17,492	(727)	(21,910)	(5,145)
Fund balances - beginning	65,578	18,673	74,417	158,668
Fund balances - ending	<u>\$ 83,070</u>	<u>\$ 17,946</u>	<u>\$ 52,507</u>	<u>\$ 153,523</u>

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

**City of Riverside**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the fiscal year ended June 30, 2017**  
**(amounts expressed in thousands)**

Net change in fund balances - total governmental funds \$ (5,145)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current year, depreciation exceeded capital asset additions, as listed below:

Capital asset additions	\$ 28,766	
Depreciation expense	<u>(47,650)</u>	(18,884)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. (3,025)

Revenues related to prior years that are available in the current fiscal year are reported as revenue in the governmental funds. In contrast, revenues that are earned but unavailable in the current year are deferred in the governmental funds. For government-wide reporting, revenue is recognized when earned, regardless of availability. The amount reflects the timing differences for revenue recognition. (4,151)

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	\$ 72,700	
Net pension liability	(1,064)	
Net OPEB obligation	(1,480)	
Compensated absences	(361)	
Interest	888	
Issuance of long-term debt	<u>(37,405)</u>	33,278

Internal service funds are used by management to charge the costs of insurance, centralized purchasing and fleet management to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities. 1,923

Change in net position of governmental activities \$ 3,996

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

City of Riverside  
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
General Fund  
For the fiscal year ended June 30, 2017  
(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	\$ 166,691	\$ 176,691	\$ 174,803	\$ (1,888)	Public safety:				
Licenses and permits	9,825	9,825	9,815	(10)	Police	97,798	105,026	100,555	4,471
Intergovernmental	1,520	10,441	7,318	(3,123)	Fire	50,064	52,386	52,215	171
Charges for services	26,350	26,513	31,384	4,871	Animal regulation	3,409	3,511	3,128	383
Fines and forfeitures	1,737	1,737	1,975	238	Building and zoning inspection	2,481	2,356	2,408	(52)
Special assessments	4,504	4,504	4,443	(61)	Street lighting	4,494	4,494	4,562	(68)
Rental and investment income	4,024	4,024	2,768	(1,256)	Total public safety	158,246	167,773	162,868	4,905
Miscellaneous	2,585	4,261	5,512	1,251	Highways and streets	19,815	21,747	17,504	4,243
Total revenues	217,236	237,996	238,018	22	Culture and recreation			-	
					Library	7,554	8,534	8,076	458
<b>Expenditures</b>					Museum & cultural affairs	12,792	13,675	14,306	(631)
General government:					Parks, recreation & community services	17,640	20,361	18,058	2,303
Mayor	989	1,105	1,078	27	Total culture and recreation	37,986	42,570	40,440	2,130
Council	1,705	1,707	1,719	(12)	Capital outlay	227	7,979	3,361	4,618
Manager	6,378	6,253	6,379	(126)	Debt service:				
Attorney	5,415	5,908	4,689	1,219	Principal	13,620	44,765	44,225	540
Clerk	1,873	1,868	1,661	207	Interest	5,404	5,404	5,209	195
Community development	15,382	15,376	13,130	2,246	Bond issuance costs	190	190	29	161
Human resources	3,871	4,452	3,289	1,163	Total debt service	19,214	50,359	49,463	896
General services	21,290	21,411	21,798	(387)	Total expenditures	255,152	312,444	290,087	22,357
Finance	13,164	13,658	13,429	229	Deficiency of revenue under expenditures	(37,916)	(74,448)	(52,069)	22,379
Innovation & technology	11,562	12,243	11,002	1,241	<b>Other financing sources (uses)</b>				
Subtotal	81,629	83,981	78,174	5,807	Transfers in	45,075	44,902	76,948	32,046
Allocated expenditures	(61,965)	(61,965)	(61,723)	(242)	Transfers out	(13,648)	(13,648)	(13,497)	151
Total general government	19,664	22,016	16,451	5,565	Issuance of long-term debt	-	31,145	-	(31,145)
				continued	Capital lease financings	-	2,959	2,109	(850)
					Proceeds from the sale of capital assets	4,133	4,133	4,001	(132)
					Total other financing sources	35,560	69,491	69,561	70
					Net change in fund balance	(2,356)	(4,957)	17,492	22,449
					Fund balance, beginning	65,578	65,578	65,578	-
					Fund balance (deficit), ending	\$ 63,222	\$ 60,621	\$ 83,070	\$ 22,449

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



City of Riverside  
Statement of Net Position  
Proprietary Funds  
June 30, 2017  
(amounts expressed in thousands)

<b>Business-type Activities - Enterprise Funds</b>							<b>Governmental Activities-Internal Service Funds</b>
<b>Assets</b>	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>		
<b>Current assets:</b>							
Cash and investments	\$ 255,496	\$ 63,503	\$ 61,941	\$ 6,428	\$ 387,368	\$	18,521
Receivables (net allowances for uncollectibles)							
Interest	891	231	218	30	1,370		43
Utility billed	14,604	3,606	3,050	1,038	22,298		-
Utility unbilled	16,411	3,329	2,295	774	22,809		-
Accounts	4,415	1,504	415	1,767	8,101		23
Intergovernmental	2	1,670	772	802	3,246		593
Inventory	1,097	-	1,525	-	2,622		6,000
Prepaid items	22,234	164	30	-	22,428		-
Deposits	1,272	-	-	-	1,272		-
Due from other funds	183	78	-	-	261		-
<b>Restricted assets:</b>							
Cash and cash equivalents:							
Rate stabilization cash and cash equivalents	-	-	14,500	-	14,500		-
Other restricted cash and cash equivalents	47,133	8,370	-	1,738	57,241		-
Public benefit programs receivable	927	63	-	-	990		-
Total current assets	<u>364,665</u>	<u>82,518</u>	<u>84,746</u>	<u>12,577</u>	<u>544,506</u>		<u>25,180</u>
<b>Non-current assets:</b>							
<b>Restricted assets:</b>							
Cash and investments at fiscal agent	82,941	2,283	73,395	-	158,619		-
Regulatory assets	3,056	-	1,596	5,281	9,933		-
Prepaid items - non-current	8,927	-	-	-	8,927		-
Advances to other funds	-	-	4,986	-	4,986		3,538
Advances to Successor Agency Trust Fund	4,665	-	-	-	4,665		-
<b>Capital assets:</b>							
Land	37,845	20,484	2,737	19,180	80,246		458
Intangible assets, non-depreciable	10,651	10,841	-	-	21,492		-
Intangible assets, depreciable	20,950	3,528	119	-	24,597		219
Accumulated depreciation - intangible assets, depreciable	(3,808)	(820)	(42)	-	(4,670)		(88)
Buildings	61,054	19,662	490,365	35,903	606,984		4,065
Accumulated depreciation - buildings	(9,004)	(6,216)	(112,743)	(7,884)	(135,847)		(597)
Improvements other than buildings	920,657	602,935	143,134	29,253	1,695,979		1,315
Accumulated depreciation - improvements other than buildings	(341,187)	(198,705)	(21,535)	(11,361)	(572,788)		(369)
Machinery and equipment	41,774	14,847	16,418	23,578	96,617		11,307
Accumulated depreciation - machinery and equipment	(21,776)	(12,556)	(8,375)	(16,830)	(59,537)		(8,676)
Construction in progress	51,636	13,973	15,161	164	80,934		-
Total non-current assets	<u>868,381</u>	<u>470,256</u>	<u>605,216</u>	<u>77,284</u>	<u>2,021,137</u>		<u>11,172</u>
Total assets	<u>1,233,046</u>	<u>552,774</u>	<u>689,962</u>	<u>89,861</u>	<u>2,565,643</u>		<u>36,352</u>
<b>Deferred Outflows of Resources</b>							
Changes in derivative values	17,157	3,881	-	-	21,038		-
Charge on refunding	9,772	6,674	-	-	16,446		-
Pension contributions, changes in assumptions and differences in experience	<u>38,247</u>	<u>13,542</u>	<u>8,490</u>	<u>5,304</u>	<u>65,583</u>		<u>2,936</u>
Total deferred outflows of resources	<u>65,176</u>	<u>24,097</u>	<u>8,490</u>	<u>5,304</u>	<u>103,067</u>		<u>2,936</u>

Continued

City of Riverside  
Statement of Net Position  
Proprietary Funds  
June 30, 2017  
(amounts expressed in thousands)

<b>Business-type Activities - Enterprise Funds</b>						
<b>Liabilities</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>
<b>Current liabilities:</b>						
Accounts payable	11,497	2,667	4,273	1,307	19,744	1,344
Retainage payable	162	193	227	-	582	-
Unearned revenue	51	185	3	1,201	1,440	-
Deposits	5,996	752	-	-	6,748	-
Due to other funds	-	-	-	307	307	261
Capital leases - current	806	210	-	-	1,016	-
Water stock acquisitions - current	-	150	-	-	150	-
Notes payable - current	-	837	774	1,014	2,625	-
Landfill capping - current	-	-	-	250	250	-
Claims and judgments - current	-	-	-	-	-	10,765
Compensated absences - current	4,177	1,394	976	517	7,064	302
<b>Current liabilities payable from restricted assets:</b>						
Revenue bonds	13,795	5,415	8,410	-	27,620	-
Decommissioning liability	8,607	-	-	-	8,607	-
Accrued interest	5,215	1,619	8,156	-	14,990	-
<b>Total current liabilities</b>	<b>50,306</b>	<b>13,422</b>	<b>22,819</b>	<b>4,596</b>	<b>91,143</b>	<b>12,672</b>
<b>Non-current liabilities:</b>						
Revenue bonds	547,122	184,949	420,654	-	1,152,725	-
Notes payable	-	12,927	1,446	18,257	32,630	-
Capital leases	3,098	2,095	-	-	5,193	-
Advances from other funds	12,312	4,439	2,821	2,182	21,754	1,562
Decommissioning liability	56,067	-	-	-	56,067	-
Derivative instruments	22,525	8,193	-	-	30,718	-
Claims and judgments	-	-	-	-	-	34,180
Water stock acquisitions	-	788	-	-	788	-
Landfill capping	-	-	-	5,140	5,140	-
Compensated absences	808	288	78	41	1,215	134
OPEB obligation	7,905	3,266	2,320	2,006	15,497	904
Net pension liability	96,193	34,465	21,980	13,818	166,456	7,390
<b>Total non-current liabilities</b>	<b>746,030</b>	<b>251,410</b>	<b>449,299</b>	<b>41,444</b>	<b>1,488,183</b>	<b>44,170</b>
<b>Total liabilities</b>	<b>796,336</b>	<b>264,832</b>	<b>472,118</b>	<b>46,040</b>	<b>1,579,326</b>	<b>56,842</b>
<b>Deferred Inflows of Resources</b>						
Regulatory charges	-	111	16,491	-	16,602	-
Pension contributions, changes in assumptions and differences in experience	17,685	6,510	4,312	2,745	31,252	1,360
<b>Total deferred inflows of resources</b>	<b>17,685</b>	<b>6,621</b>	<b>20,803</b>	<b>2,745</b>	<b>47,854</b>	<b>1,360</b>
<b>Net Position</b>						
Net investment in capital assets	229,432	269,789	150,891	52,732	702,844	7,634
Restricted for debt service	16,510	6,068	34,642	-	57,220	-
Restricted for landfill capping	-	-	-	1,738	1,738	-
Restricted for programs and regulatory requirements	31,217	2,011	1,384	-	34,612	-
Unrestricted	207,042	27,550	18,614	(8,090)	245,116	(26,548)
<b>Total net position (deficit)</b>	<b>\$ 484,201</b>	<b>\$ 305,418</b>	<b>\$ 205,531</b>	<b>\$ 46,380</b>	<b>\$ 1,041,530</b>	<b>\$ (18,914)</b>

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

**City of Riverside**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental</b>
	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Activities-Internal Service Funds</b>
Operating revenues:						
Charges for services	\$ 366,066	\$ 62,627	\$ 59,735	\$ 29,513	\$ 517,941	\$ 24,381
Operating expenses:						
Personnel services	46,931	12,890	9,673	8,907	78,401	4,517
Contractual services	6,971	1,909	1,154	6,354	16,388	1,474
Maintenance and operation	190,626	8,857	8,891	7,284	215,658	2,615
General	13,061	14,409	5,683	4,533	37,686	2,444
Materials and supplies	865	744	3,260	1,462	6,331	303
Claims/Insurance	899	397	1,260	258	2,814	10,231
Depreciation and amortization	32,642	14,320	7,734	3,959	58,655	915
Total operating expenses	291,995	53,526	37,655	32,757	415,933	22,499
Operating income (loss)	74,071	9,101	22,080	(3,244)	102,008	1,882
Non-operating revenues (expenses):						
Operating grants	-	-	-	3,751	3,751	-
Interest income	1,809	17	798	26	2,650	76
Other	7,174	1,838	831	1,370	11,213	5
Gain (loss) on retirement of capital assets	420	61	(28)	(309)	144	29
Capital improvement fees	-	-	3,305	-	3,305	-
Interest expense and fiscal charges	(25,340)	(8,663)	(650)	(863)	(35,516)	(69)
Total non-operating revenues (expenses)	(15,937)	(6,747)	4,256	3,975	(14,453)	41
Income (loss) before capital contributions and transfers	58,134	2,354	26,336	731	87,555	1,923
Cash capital contributions	2,367	3,313	-	887	6,567	-
Noncash capital contributions	17,317	212	-	55	17,584	-
Transfers in	-	-	-	825	825	-
Transfers out	(39,230)	(5,673)	(900)	(738)	(46,541)	-
Change in net position	38,588	206	25,436	1,760	65,990	1,923
Net position (deficit) - beginning	445,613	305,212	180,095	44,620	975,540	(20,837)
Net position (deficit) - ending	\$ 484,201	\$ 305,418	\$ 205,531	\$ 46,380	\$ 1,041,530	\$ (18,914)

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

City of Riverside  
Proprietary Funds  
Statement of Cash Flows  
For the fiscal year ended June 30, 2017  
(amounts expressed in thousands)

	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:						
Cash received from customers and users	\$ 366,039	\$ 62,443	\$ 58,934	\$ 28,753	\$ 516,169	\$ 23,818
Cash paid to employees for services	(55,359)	(19,945)	(9,609)	(8,754)	(93,667)	(2,805)
Cash paid to other suppliers of goods or services	(212,409)	(18,232)	(21,541)	(19,932)	(272,114)	(17,377)
Other receipts	7,174	794	916	1,776	10,660	5
Net cash provided by operating activities	105,445	25,060	28,700	1,843	161,048	3,641
Cash flows from noncapital financing activities:						
Transfers in	-	-	-	825	825	-
Transfers out	(39,230)	(5,673)	(900)	(738)	(46,541)	-
Operating grants	-	-	-	3,751	3,751	-
Receipts on interfund advances	683	101	1,044	100	1,928	5,394
Payments on interfund advances	(712)	(306)	-	(276)	(1,294)	(1,021)
Net cash (used) provided by noncapital financing activities	(39,259)	(5,878)	144	3,662	(41,331)	4,373
Cash flows from capital and related financing activities:						
Purchase of capital assets	(27,999)	(18,634)	(28,604)	(2,213)	(77,450)	(1,493)
Proceeds from the sale of capital assets	426	92	-	19	537	29
Principal paid on long-term obligations	(14,109)	(5,180)	(9,577)	(976)	(29,842)	-
Interest paid on long-term obligations	(26,274)	(8,522)	(18,978)	(863)	(54,637)	(69)
Capital improvement fees	-	-	3,305	-	3,305	-
Capital lease proceeds	-	2,305	-	-	2,305	-
Capital contributions	2,285	2,913	-	887	6,085	-
Net cash (used) for capital and related financing activities	(65,671)	(27,026)	(53,854)	(3,146)	(149,697)	(1,533)
Cash flows from investing activities:						
Sale and (purchase) of investments	9,452	-	(95)	(13)	9,344	(10)
Interest from investments	1,568	(32)	798	26	2,360	76
Net cash (used) provided by investing activities	11,020	(32)	703	13	11,704	66
Net change in cash and cash equivalents	11,535	(7,876)	(24,307)	2,372	(18,276)	6,547
Cash and cash equivalents, beginning (including \$41,847 for Electric, \$8,491 for Water, \$128,379 for Sewer and \$413 for Other Enterprise Funds in restricted accounts.)						
	291,094	82,032	174,143	5,794	553,063	11,974
Cash and cash equivalents, ending (including \$47,133 for Electric, \$10,653 for Water, \$87,895 for Sewer and \$1,738 for Other Enterprise Funds in restricted accounts.)						
	\$ 302,629	\$ 74,156	\$ 149,836	\$ 8,166	\$ 534,787	\$ 18,521

Continued

City of Riverside  
Proprietary Funds  
Statement of Cash Flows  
For the fiscal year ended June 30, 2017  
(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 by operating activities:						
Operating Income (loss)	\$ 74,071	\$ 9,101	\$ 22,080	\$ (3,244)	\$ 102,008	\$ 1,882
Other receipts	7,174	794	831	1,370	10,169	5
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	32,642	14,320	7,734	3,959	58,655	915
Changes in assets, liabilities and deferred inflows/outflows of resources:						
Utility billed receivable	(225)	(385)	(143)	(11)	(764)	-
Utility unbilled receivable	(502)	(281)	(233)	(27)	(1,043)	-
Accounts receivable	(225)	816	(322)	(360)	(91)	(2)
Intergovernmental receivable	-	(772)	(103)	(494)	(1,369)	(561)
Inventory	-	-	4	-	4	(86)
Prepaid and deposit items	(2,775)	4	(29)	-	(2,800)	-
Benefit programs receivable	(30)	39	-	-	9	-
Regulatory assets	-	-	150	406	556	-
Accounts payable	(1,687)	638	(1,160)	475	(1,734)	(224)
Retainage payable	47	160	(108)	-	99	-
Other payables	465	499	117	99	1,180	55
Deposits payable	956	213	-	-	1,169	-
Landfill capping	-	-	-	(296)	(296)	-
Claims and judgments	-	-	-	-	-	1,676
Net pension liability and related changes in deferred outflows and inflows of resources	(247)	(86)	(53)	(34)	(420)	(19)
Deferred regulatory charges	-	-	(65)	-	(65)	-
Decommissioning liability	(4,219)	-	-	-	(4,219)	-
Net cash provided by operating activities	<u>\$ 105,445</u>	<u>\$ 25,060</u>	<u>\$ 28,700</u>	<u>\$ 1,843</u>	<u>\$ 161,048</u>	<u>\$ 3,641</u>
Schedule of noncash financing and investing activities:						
Capital Contributions - capital assets	\$ 17,317	\$ 212	\$ -	\$ 55	\$ 17,584	\$ -
Payment on note payable including interest offset by rent credit	-	1,044	-	-	1,044	-
Loss on retirement of capital assets	-	-	(28)	(328)	(356)	-
Borrowing under capital lease	902	-	-	-	902	-
Proceeds of refunding debt	-	-	-	-	-	-

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

**City of Riverside**  
**Statement of Net Position/(Deficit)**  
**Fiduciary Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Successor Agency Private-Purpose Trust Fund</b>	<b>Agency Fund</b>
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Cash and investments	\$ 34,428	\$ 3,181
Cash and investments at fiscal agent	13,236	5,068
Receivables:		
Interest	113	8
Accounts	109	-
Notes	3,164	-
Direct financing lease receivable	16,675	-
Deposits	2	-
Property tax receivables	-	34
Land and improvements held for resale	9,899	-
Capital assets:		
Land	185	-
Equipment	6	-
Accumulated depreciation - equipment	(6)	-
Total assets	<u>77,811</u>	<u>8,291</u>
<b>Liabilities</b>		
Accounts payable	10	-
Accrued interest	3,995	-
Advances from other funds	12,196	-
Bonds payable	217,147	-
Notes payable	4,728	-
Held for bond holders	-	8,291
Total liabilities	<u>238,076</u>	<u>8,291</u>
<b>Deferred Inflows of Resources</b>		
Deferred charge on refunding	1,261	-
Total deferred inflows of resources	<u>1,261</u>	<u>-</u>
<b>Net Position/(Deficit)</b>		
Held by Successor Agency	(161,526)	-
Total net position/(deficit)	<u>\$ (161,526)</u>	<u>\$ -</u>

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

**City of Riverside**  
**Statement of Changes in Net Position/(Deficit)**  
**Fiduciary Fund - Private-Purpose Trust Fund**  
**For the fiscal year ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Successor Agency Private-Purpose Trust Fund</b>
	<u>                    </u>
<b>Additions</b>	
Property tax revenue	\$ 30,019
Miscellaneous	222
Total additions	<u>30,241</u>
<b>Deductions</b>	
Professional services and other deductions	1,861
Redevelopment projects	464
Interest expense	11,433
Total deductions	<u>13,758</u>
Change in Net Position/(Deficit)	16,483
Net position/(deficit) - beginning	<u>(178,009)</u>
Net position/(deficit) - ending	<u>\$ (161,526)</u>

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

## 1. Summary of Significant Accounting Policies

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

### A. Reporting Entity

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

#### Blended Component Units

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

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

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

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

#### Fiduciary Component Unit

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

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

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

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

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



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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

Fiduciary funds include private-purpose trust and agency funds. The private-purpose trust fund accounts for assets and activities of the dissolved Redevelopment Agency, which is accounted for in the Successor

Agency Trust. The agency fund is used to account for special assessments that service no-commitment debt.

The permanent fund is a governmental fund that is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's Library programs. Non-expendable net position on the Statement of Net Position includes \$1.6 million of permanent fund principal which are considered nonexpendable.

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

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

#### D. Cash and Investments

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

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

are considered highly liquid and are classified as cash equivalents for the purpose of presentation in the statement of cash flows.

#### E. Restricted Cash and Investments

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

#### F. Allowance for Doubtful Accounts

Management determines the allowance for doubtful accounts by analyzing customer accounts for all balances over 60 days old. The allowance for doubtful accounts is then adjusted at fiscal year-end based on the amount equal to the annual uncollectible accounts. Utility customer closed accounts are written off when deemed uncollectible. Recoveries to utility customer receivables previously written off are recorded when received. For non-utility accounts receivables, delinquent notices after 60 days are sent to customers with outstanding balances. After 120 days, accounts still outstanding are referred to the City's collection agency. As of June 30, 2017, the City had an allowance for doubtful account balance of \$5,922.

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

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

#### H. Inventory

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

#### I. Prepaid Items

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

J. Capital Assets

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

Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed for proprietary funds. For the year ended June 30, 2017, business-type activities capitalized net interest costs of \$20,572 in the government-wide financial statements. Total interest expense incurred by the business-type activities before capitalization was \$56,088.

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

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

K. Compensated Absences

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

City employees generally receive one day of sick leave for each month of employment with unlimited accumulation. Upon retirement or death, certain

employees or their estates receive a percentage of unused sick leave paid in a lump sum based on longevity. The General, Electric and Water funds have been primarily used to liquidate such balances.

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

L. Derivative Instruments

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

The City uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. The City had debt that was layered with "synthetic fixed rate" swaps, which was refunded in 2008 and 2011. The balance of the deferral account for each swap is included as part of the deferred charge on refunding associated with the new bonds. The swaps were also employed as a hedge against the new debt. Hedge accounting was applied to that portion of the hedging relationship, which was determined to be effective. The negative fair value of the interest rate swaps related to the new hedging relationship has been recorded and deferred on the statement of net position. See Note 9 for further discussion related to the City's interest rate swaps.

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

M. Long-Term Obligations

Long-Term Debt

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities columns in the government-wide financial statements and in the proprietary funds and

fiduciary private-purpose trust fund statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

#### Decommissioning

Federal regulations require the Electric Utility to provide for the future decommissioning of its ownership share of the nuclear units at San Onofre. The Electric Utility has established trust accounts to accumulate resources for the decommissioning of the nuclear power plant and restoration of the beachfront at San Onofre. Based on the most recent site specific cost estimate as of September 2014, submitted by Southern California Edison (SCE) and accepted by the Nuclear Regulatory Commission (NRC), the Electric Utility has fully funded the San Onofre Nuclear Generating Station ("SONGS") decommissioning liability.

The Electric Utility has set aside \$70,324 in cash investments with the trustee and \$6,590 in an internally designated decommissioning reserve as the Electric Utility's estimated share of the decommissioning cost of SONGS as of June 30, 2017. With the recent retirement of SONGS units 2 and 3, there is much uncertainty as to future unknown costs to decommission SONGS. Although management believes the current cost estimate is the upper bound of decommissioning obligations, the Electric Utility has conservatively decided to continue to set aside \$1,581 per year in an unrestricted designated cash reserve for unexpected costs not contemplated in the current estimates.

On February 23, 2016, the City Council adopted a resolution authorizing the commencement of SONGS decommissioning effective June 7, 2013. This resolution allows the Electric Utility to access the decommissioning trust funds to pay for its share of decommissioning costs. As of June 30, 2017, the Electric Utility has paid to date \$18,887 in decommissioning obligations, of which \$9,899 has been reimbursed by the trust funds with the balance to be reimbursed in the next fiscal year.

The plant site easement at San Onofre terminates May 2024. The plant must be decommissioned and the site restored by the time the easement terminates.

#### N. Claims and Judgments Payable

Claims and judgments payable are recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Such claims, including an estimate for claims incurred but not reported at year end, are recorded as liabilities in the self-insurance internal service fund. As of June 30, 2017, the City had an obligation related to claims and judgments which is reflected as a liability on the government-wide statements and is more fully described in Note 7.

#### O. Fund Equity

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

- Nonspendable fund balance is the portion of fund balance that cannot be spent due to form. Examples include inventories, prepaid amounts, long-term loans, and notes receivable, unless the proceeds are restricted, committed or assigned. Also, amounts that must be maintained intact legally or contractually, such as the principal of a permanent fund are reported within the nonspendable category.
- Restricted fund balance is the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors.
- Committed fund balance is the portion of fund balance that can only be used for specific purposes due to formal action of the City Council through adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. No amounts have been reported within this category of fund balance.
- Assigned fund balance reflects the City's intended use of resources. Intent can be expressed by the City Council or by an official to which the City Council delegates the authority. On February 22, 2011, the City Council approved a policy whereby the authority to assign fund balance was delegated to the City's chief financial officer, which authorized the assignment of fund balance for specific programs or purposes in accordance with City Council directives. The City also uses budget and finance policy to authorize the assignment of fund balance, which is

done through the adoption of the budget and subsequent budget amendments throughout the year.

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

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

#### P. Net Position

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

#### Q. Interfund Transactions

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

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

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

#### R. Unearned Revenue

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

#### S. Unavailable Revenue

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

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

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

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

#### U. Regulatory Assets and Deferred Regulatory Charges

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

#### V. Property Tax Calendar

Under California law, general property taxes are assessed for up to 1% of the property's assessed value. General property taxes are collected by the

counties along with other special district taxes and assessments and voter approved debt. General property tax revenues are collected and pooled by the county throughout the fiscal year and then allocated and paid to the county, cities and school districts based on complex formulas prescribed by State statutes.

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

#### W. Use of Estimates

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

#### X. Pensions

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

#### Y. New Accounting Pronouncements

Effective June 30, 2017, the accompanying financial statements reflect the implementation of Governmental Accounting Standards Board Statement No. 77 (GASB 77), *Tax Abatement Disclosures*. The primary objective of GASB 77 is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand 1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and 2) the impact those abatements have on a government's financial position and economic condition. The City implemented this Statement resulting in additional disclosures (Note 17).

Effective July 1, 2016, the accompanying financial statements reflect the implementation of Governmental Accounting Standards Board Statement No. 82 (GASB 82), *Pension Issues – An Amendment of GASB Statement No. 67, No. 68, and No. 73*. The primary objective of GASB 82 is to address certain issues that have been raised with respect to Statements No. 67 *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan members) contribution requirements. The City implemented this Statement resulting in revisions to the presentation of payroll-related measures in certain pension schedules presented as required supplementary information.

#### 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.

Biannually, during the period December through February, department heads prepare estimates of required appropriations for the following two-year budget

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

**3. Cash and Investments**

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

Investments	\$ 564,521
Investments at fiscal agent	<u>186,633</u>
	<u>751,154</u>
Cash on hand and deposits with financial institutions	64,899
Non-negotiable certificates of deposit	<u>1,014</u>
	<u>\$ 817,067</u>

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

Cash and investments	\$ 517,054
Restricted cash and cash equivalents	71,741
Restricted cash and investments at fiscal agent	<u>172,359</u>
Total per statement of net position	761,154
Fiduciary fund cash and investments	37,609
Fiduciary fund cash and investments with fiscal agent	<u>18,304</u>
	<u>\$ 817,067</u>

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

Interest income earned on pooled cash and investments is allocated monthly to funds based on the beginning and month-end balances. Interest income

from cash and investments held at fiscal agents is credited directly to the related account. Bank deposits are covered by federal depository insurance for the first \$250 or by collateral held in the pledging bank's trust department in the name of the City.

Authorized Investments

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

	Max <u>Maturity</u>	Max % of <u>Portfolio</u>
Local Agency Investment Fund (State Pool)	N/A	100%
Money Market Funds	N/A	20%
Mutual Funds	N/A	20%
Joint Powers Authority Pools	N/A	N/A
Corporate Medium Term Notes	5 Years	30%
Municipal Bonds	5 Years	30%
Negotiable Certificates of Deposit	5 Years	30%
Mortgage Pass-Through and Asset-Backed Securities	5 Years	20%
Certificates of Deposit Placement Services	5 Years	15%
Collateralized Time Deposits	5 Years	15%
Federally Insured Time Deposits	5 Years	15%
Supranational Securities	5 Years	15%
Federal Agency Securities	5 Years	N/A
U.S. Treasury Notes/Bonds	5 Years	N/A
Repurchase Agreements	1 Year	N/A
Commercial Paper of "prime" quality	270 Days	25%
Bankers' Acceptances	180 Days	10%
Reverse Repurchase Agreements	92 Days	20%

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

Investments in Negotiable Certificates of Deposit exceeding federal deposit insurance limits shall be issued by institutions which have long-term debt obligations rated "A" (or the equivalent) or better and short-term debt obligations, if any, rated "A1" (or the equivalent) or better by at least two

nationally recognized statistical rating agencies. No more than 5% of the market value of the portfolio may be invested in any single issuer of negotiable or non-negotiable certificates of deposit.

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

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

Investments Authorized by Debt Agreements

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

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

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

Disclosures Relating to Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of assets. Level 1 are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City does not value any of its investments using Level 1 and Level 3 inputs.

The City has the following recurring fair value measurements as of June 30, 2017:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 86,372	\$ -	\$ 86,372	\$ -
Federal Agency Securities	10,149	-	10,149	-
U.S. Treasury Notes/Bonds	310,871	-	310,871	-
Corp. Medium Term Notes	17,291	-	17,291	-
Negotiable Certificates of Deposits	11,189	-	11,189	-
Held by Fiscal Agent				
Money Market Funds	84,176	-	84,176	-
Commercial Paper	2,243	-	2,243	-
U.S. Treasury Notes/Bonds	12,901	-	12,901	-
Federal Agency Securities	15,472	-	15,472	-
Corp. Medium Term Notes	11,421	-	11,421	-
<b>Total</b>	<b>562,085</b>	<b>\$ -</b>	<b>\$ 562,085</b>	<b>\$ -</b>
Investments not subject to fair value hierarchy:				
State Investment Pool	178,308			
Investment Contracts	10,761			
<b>Total Investments</b>	<b>\$ 751,154</b>			

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy requires that the interest rate risk exposure be managed by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of



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the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Money Market Funds	\$ 86,372	\$ 86,372	\$ -	\$ -	\$ -
Federal Agency Securities	10,149	10,149	-	-	-
U.S. Treasury Notes/Bonds	310,871	45,910	99,286	165,675	-
Corp. Medium Term Notes	17,291	8,749	8,542	-	-
State Investment Pool	128,649	128,649	-	-	-
Negotiable Certificates of Deposit	11,189	3,723	4,479	2,987	-
Held by Fiscal Agent					
Money Market Funds	84,176	84,176	-	-	-
State Investment Pool	49,659	49,659	-	-	-
Investment Contracts	10,761	-	-	-	10,761
Commercial Paper	2,243	2,243	-	-	-
U.S. Treasury Notes/Bonds	12,901	9,627	3,274	-	-
Federal Agency Securities	15,472	13,780	1,326	366	-
Corp. Medium Term Notes	11,421	3,998	7,423	-	-
<b>Total</b>	<b>\$ 751,154</b>	<b>\$ 447,035</b>	<b>\$ 124,330</b>	<b>\$ 169,028</b>	<b>\$ 10,761</b>

The City assumes that callable investments will not be called.

Disclosures Relating to Credit Risk

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

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

	Total	Ratings as of Year End			
		AAA	AA	A	Unrated
Money Market Funds	\$ 86,372	\$ -	\$ 81,272	\$ 5,100	\$ -
Federal Agency Securities	10,149	10,149	-	-	-
U.S. Treasury Notes/Bonds	310,871	310,871	-	-	-
Corp. Medium Term Notes	17,291	3,533	11,954	1,804	-
State Investment Pool	128,649	-	-	-	128,649
Negotiable Certificates of Deposits	11,189	-	-	-	11,189
Held by Fiscal Agent					
Money Market Funds	84,176	59,255	-	24,921	-
State Investment Pool	49,659	-	-	-	49,659
Investment Contracts	10,761	-	-	-	10,761
Commercial Paper	2,243	-	-	2,243	-
U.S. Treasury Notes/Bonds	12,901	12,901	-	-	-
Federal Agency Securities	15,472	15,472	-	-	-
Corp. Medium Term Notes	11,421	-	-	11,421	-
<b>Total</b>	<b>\$ 751,154</b>	<b>\$ 412,181</b>	<b>\$ 93,226</b>	<b>\$ 45,489</b>	<b>\$ 200,258</b>

Concentration on Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stated above. For fiscal year ended June 30, 2017, the City did not have any investments in any one issuer (other than U.S. Treasury securities, money market funds, and external investment pools) that represent 5% or more of total City investments.

Custodial Credit Risk

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

The pledge to secure deposits is administered by the California Commissioner of Business Oversight. Collateral is required for demand deposits at 110% of all deposits not covered by federal depository insurance (FDIC) if obligations of the United States and its agencies, or obligations of the State or its

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municipalities, school districts, and district corporations are pledged. Collateral of 150% is required if a deposit is secured by first mortgages or first trust deeds upon improved residential real property located in California. All such collateral is considered to be held by the pledging financial institutions' trust departments or agents in the name of the City. Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however the trust department of the same institution may hold them.

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

Investment in State Investment Pool

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

**4. Direct Financing Lease Receivable**

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

<u>Fiscal Year</u>		
2018	\$	2,598
2019		2,625
2020		2,659
2021		2,692
2022		2,724
Thereafter		<u>8,368</u>
Total Due		21,666
Less: Amount applicable to interest		<u>(4,991)</u>
Total direct financing lease receivable	\$	<u><u>16,675</u></u>

**5. Capital Assets**

The following is a summary of changes in the capital assets during the fiscal year ended June 30, 2017.

	<u>Beginning Balance</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 342,792	\$ 1,906	\$ (780)	\$ 343,918
Construction in progress	<u>41,535</u>	<u>14,298</u>	<u>(11,523)</u>	<u>44,310</u>
Total capital assets not depreciated	<u>384,327</u>	<u>16,204</u>	<u>(12,303)</u>	<u>388,228</u>
Capital assets being depreciated:				
Buildings	183,596	4,245	(4,200)	183,641
Improvements other than buildings	309,836	4,568	-	314,404
Machinery and equipment	92,067	3,985	(6,551)	89,501
Intangibles, depreciable	219	-	-	219
Infrastructure	<u>998,997</u>	<u>14,779</u>	<u>-</u>	<u>1,013,776</u>
Total capital assets being depreciated	<u>1,584,715</u>	<u>27,577</u>	<u>(10,751)</u>	<u>1,601,541</u>
Less accumulated depreciation for:				
Buildings	(63,810)	(4,744)	-	(68,554)
Improvements other than buildings	(104,086)	(12,836)	-	(116,922)
Machinery and equipment	(66,992)	(6,044)	6,506	(66,530)
Intangibles, depreciable	(44)	(44)	-	(88)
Infrastructure	<u>(356,501)</u>	<u>(24,896)</u>	<u>-</u>	<u>(381,397)</u>
Total accumulated depreciation	<u>(591,433)</u>	<u>(48,564)</u>	<u>6,506</u>	<u>(633,491)</u>
Total capital assets being depreciated, net	<u>993,282</u>	<u>(20,987)</u>	<u>(4,245)</u>	<u>968,050</u>
Governmental activities capital assets, net	<u><u>\$ 1,377,609</u></u>	<u><u>\$ (4,783)</u></u>	<u><u>\$ (16,548)</u></u>	<u><u>\$ 1,356,278</u></u>

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

	Beginning Balance	Additons/ Transfers In	Deletions/ Transfers Out	Ending Balance
<b>Business-type activities:</b>				
<b>Capital assets, not depreciated:</b>				
Land	\$ 63,839	\$ 16,407	\$ -	\$ 80,246
Intangibles, non-depreciable	21,492	-	-	21,492
Construction in progress	349,977	93,641	(362,684)	80,934
<b>Total capital assets not depreciated</b>	<b>435,308</b>	<b>110,048</b>	<b>(362,684)</b>	<b>182,672</b>
<b>Capital assets being depreciated:</b>				
Buildings	315,379	291,605	-	606,984
Improvements other than buildings	1,633,910	63,199	(1,130)	1,695,979
Machinery and equipment	89,273	9,293	(1,949)	96,617
Intangibles, depreciable	21,433	3,164	-	24,597
<b>Total capital assets being depreciated</b>	<b>2,059,995</b>	<b>367,261</b>	<b>(3,079)</b>	<b>2,424,177</b>
<b>Less accumulated depreciation for:</b>				
Buildings	(128,094)	(7,753)	-	(135,847)
Improvements other than buildings	(531,922)	(41,963)	1,097	(572,788)
Machinery and equipment	(55,045)	(6,078)	1,586	(59,537)
Intangibles, depreciable	(2,215)	(2,455)	-	(4,670)
<b>Total accumulated depreciation</b>	<b>(717,276)</b>	<b>(58,249)</b>	<b>2,683</b>	<b>(772,842)</b>
<b>Total capital assets being depreciated, net</b>	<b>1,342,719</b>	<b>309,012</b>	<b>(396)</b>	<b>1,651,335</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 1,778,027</b>	<b>\$ 419,060</b>	<b>\$ (363,080)</b>	<b>\$ 1,834,007</b>

Depreciation expense was charged to various functions as follows:

<b>Governmental activities:</b>	
General government	\$ 5,178
Public safety	5,683
Highway and streets, including general infrastructure	25,833
Culture and recreation	11,870
<b>Total depreciation expense - governmental activities</b>	<b>\$ 48,564</b>

<b>Business-type activities:</b>	
Electric	\$ 32,642
Water	14,320
Sewer	7,734
Airport	707
Refuse	1,324
Transportation	530
Public Parking	992
<b>Total depreciation expense - business-type activities</b>	<b>\$ 58,249</b>

**6. Long-Term Obligations**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligations bond	\$ 12,567	\$ -	\$ (1,054)	\$ 11,513	\$ 1,110
Pension obligation bonds	101,000	31,578	(39,986)	92,592	12,830
Certificates of participation	181,429	-	(24,913)	156,516	5,645
Lease revenue bonds	39,398	-	(1,544)	37,854	1,485
Loan payable	43,482	-	(2,157)	41,325	2,222
Capital leases	12,006	7,955	(2,768)	17,193	3,741
Compensated absences	22,444	14,128	(13,782)	22,790	13,993
Claims liability	43,269	10,284	(8,608)	44,945	10,765
	<b>\$ 455,595</b>	<b>\$ 63,945</b>	<b>\$ (94,812)</b>	<b>\$ 424,728</b>	<b>\$ 51,791</b>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Revenue bonds	\$ 1,208,851	\$ -	\$ (28,506)	\$ 1,180,345	\$ 27,620
Notes payable	37,793	-	(2,538)	35,255	2,625
Capital leases	4,694	2,305	(790)	6,209	1,016
Landfill capping	5,686	-	(296)	5,390	250
Water stock acquisition rights	938	-	-	938	150
Compensated absences	8,120	7,091	(6,932)	8,279	7,064
	<b>\$ 1,266,082</b>	<b>\$ 9,396</b>	<b>\$ (39,062)</b>	<b>\$ 1,236,416</b>	<b>\$ 38,725</b>

**Business-type activities:**

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

**Long-Term Obligations at June 30, 2017:**

**Revenue Bonds:**

**Principal  
Outstanding**

**Electric**

\$141,840 2008 Electric Refunding/Revenue Bonds; Series A & C. The bonds were issued at a variable rate; however, the City entered into an agreement to convert to a fixed

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

rate of 3.1% and 3.2% for the Series A & C bonds, respectively. See Note 9 for information on the swap agreements. Bonds are due in annual installments from \$700 to \$7,835 through October 1, 2035. \$112,515

\$209,740 2008 Electric Revenue Bonds; Series D fixed rate bonds, 3.6% to 5.0%, due in annual installments from \$3,460 to \$25,345 through October 1, 2038. 209,740

\$34,920 2009 Electric Refunding/Revenue Bonds; Series A fixed rate bonds, 4.0% to 5.0%, due in annual installments from \$1,150 to \$7,035 through October 1, 2018. The bonds refunded the 1998 series and partially refunded the 2001 series. 2,490

\$140,380 2010 Electric Revenue Bonds; Series A and B fixed rate bonds, 3% to 7.65%, due in annual installments from \$95 to \$33,725 through October 1, 2040. 140,285

\$56,450 2011 Electric Revenue Refunding Bonds; Series A. The bonds were issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see Note 9. Bonds are due in annual installments from \$725 to \$5,175 through October 1, 2035. 41,925

\$79,080 2013 Electric Revenue Refunding Bonds; Series A fixed rate bonds, 3% to 5.25%, due in annual installments from \$795 to \$12,685 through October 1, 2043. 46,560

Subtotal 553,515  
Add: Unamortized bond premium 7,402  
Subtotal \$560,917

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. \$56,625

\$31,895 2009 Water Refunding/Revenue Bonds; Series A fixed rate bonds, 3.0% to 5.0%, due in annual

installments from \$2,360 to \$4,335 through October 1, 2020. The bonds refunded the 1998 series and partially refunded the 2001 series. 9,760

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

\$59,000 2011 Water Refunding/Revenue Bonds; Series A. The bonds were issued at a variable rate; however the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see Note 9. Bonds are due in annual installments from \$600 to \$3,950 through October 1, 2035. 54,125

Subtotal 188,300  
Add: Unamortized bond premium 2,064  
Subtotal \$190,364

Sewer

\$240,910 2009 Sewer Revenue Bonds; Series A & B fixed rate bonds, 4% to 7.2%, due in annual installments from \$5,555 to \$13,350 through August 1, 2039. \$204,075

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

Subtotal 404,105  
Add: Unamortized bond premium 24,959  
Subtotal \$429,064

Total Revenue Bonds \$1,180,345

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:

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Fiscal Year	Electric Utility Fund			Water Utility Fund		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 13,795	\$ 24,279	\$ 38,074	\$ 5,415	\$ 7,577	\$ 12,992
2019	14,445	23,636	38,081	5,635	7,352	12,987
2020	14,995	23,066	38,061	5,865	7,120	12,985
2021	15,535	22,506	38,041	6,080	6,889	12,969
2022	16,085	21,922	38,007	6,320	6,658	12,978
2023-2027	90,180	99,426	189,606	35,270	29,439	64,709
2028-2032	110,540	78,362	188,902	42,730	21,747	64,477
2033-2037	136,375	51,229	187,604	51,960	12,229	64,189
2038-2042	136,440	15,509	151,949	29,025	1,648	30,673
2043-2047	5,125	259	5,384	-	-	-
Premium	7,402	-	7,402	2,064	-	2,064
Total	<u>\$ 560,917</u>	<u>\$ 360,194</u>	<u>\$ 921,111</u>	<u>\$ 190,364</u>	<u>\$ 100,659</u>	<u>\$ 291,023</u>

Fiscal Year	Sewer Utility Fund		
	Principal	Interest	Total
2018	\$ 8,410	\$ 18,900	\$ 27,310
2019	13,515	18,488	32,003
2020	14,075	17,929	32,004
2021	10,820	17,372	28,192
2022	11,345	16,844	28,189
2023-2027	65,630	75,336	140,966
2028-2032	83,340	57,623	140,963
2033-2037	106,035	34,919	140,954
2038-2042	90,935	8,174	99,109
Premium	24,959	-	24,959
Total	<u>\$ 429,064</u>	<u>\$ 265,585</u>	<u>\$ 694,649</u>

General Obligation Bonds – Governmental Activities:	<u>Principal Outstanding</u>
\$20,000 Fire Facility Projects, Election of 2003 General Obligation Bond; 3.0% to 5.5%, due in annual installments from \$410 to \$1,740 through August 1, 2024.	\$ 11,390
Add: Unamortized bond premium	<u>123</u>
Total General Obligation Bonds	<u>\$11,513</u>

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

Fiscal Year	Principal	Interest	Total
2018	\$ 1,110	\$ 544	\$ 1,654
2019	1,195	492	1,687
2020	1,290	436	1,726
2021	1,380	373	1,753
2022	1,475	306	1,781
2023-2027	4,940	418	5,358
Premium	123	-	123
Total	<u>\$ 11,513</u>	<u>\$ 2,569</u>	<u>\$ 14,082</u>

Pension Obligation Bonds – Governmental Activities:	<u>Principal Outstanding</u>
\$89,540 California Statewide Community Development Authority (Public Safety) 2004 Taxable Pension Obligation Bond; 2.65% to 5.896%, due in annual installments from \$1,125 to \$10,715 through June 1, 2023.	\$ 50,840
\$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.	10,135
\$31,960 2017 Taxable Pension Obligation Bonds Series A; 1.25% to 3.125%, due in annual installments from \$2,910 to \$3,580 through June 1, 2027. The refunding transaction resulted in an economic gain of approximately \$1,000.	31,960
Less: Bond Discount	<u>343</u>
Total Pension Obligation Bonds	<u>\$92,592</u>

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

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

Fiscal Year	Principal	Interest	Total
2018	\$ 12,830	\$ 4,263	\$ 17,093
2019	13,985	3,679	17,664
2020	13,760	3,023	16,783
2021	11,875	2,360	14,235
2022	12,855	1,775	14,630
2023-2027	27,630	2,177	29,807
Discount	(343)	-	(343)
Total	<u>\$ 92,592</u>	<u>\$ 17,277</u>	<u>\$ 109,869</u>

Fiscal Year	Principal	Interest	Total
2018	\$ 5,645	\$ 5,897	\$ 11,542
2019	5,825	5,694	11,519
2020	6,120	5,468	11,588
2021	6,420	5,232	11,652
2022	6,625	4,984	11,609
2023-2027	37,130	20,827	57,957
2028-2032	45,250	12,961	58,211
2033-2037	42,335	4,086	46,421
Premium	1,166	-	1,166
Total	<u>\$ 156,516</u>	<u>\$ 65,149</u>	<u>\$ 221,665</u>

Certificates of Participation – Governmental Activities:

Principal  
Outstanding

\$19,945 2006 Galleria at Tyler Public Improvements Certificates of Participation; 4.0% to 5.0%, due in annual installments from \$435 to \$1,270 through September 1, 2036.	\$17,040
\$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.	105,700
\$35,235 2013 Pavement Rehab Certificates of Participation; 4.0% to 5.0%, due in annual installments from \$1,285 to \$2,855 through June 1, 2034.	<u>32,610</u>
Subtotal	<u>155,350</u>
Plus: Unamortized bond premium	<u>1,166</u>
Total Certificates of Participation	<u>\$156,516</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:

Lease Revenue Bonds – Governmental Activities:

Principal  
Outstanding

On August 15, 2012, the City issued the Series 2012A Lease Revenue Refunding Bonds in the amount of \$41,240. The bonds were issued to refinance the 2003 Certificates of Participation. Interest on the bonds is payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2013. The rate of interest varies from 2% to 5% per annum depending on maturity date. Principal is payable in annual installments ranging from \$1,295 to \$2,840 commencing November 1, 2013 and ending November 1, 2033.	\$35,825
Add: Unamortized bond premium	<u>2,029</u>
Total Lease Revenue Bonds – Governmental Activities	<u>\$37,854</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:

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Fiscal Year	Principal	Interest	Total
2018	\$ 1,485	\$ 1,588	\$ 3,073
2019	1,560	1,511	3,071
2020	1,640	1,431	3,071
2021	1,725	1,347	3,072
2022	1,810	1,259	3,069
2023-2027	9,940	4,963	14,903
2028-2032	12,090	2,474	14,564
2033-2037	5,575	225	5,800
Premium	2,029	-	2,029
<b>Total</b>	<b>\$ 37,854</b>	<b>\$ 14,798</b>	<b>\$ 52,652</b>

Fiscal Year	Principal	Interest	Total
2018	\$ 2,222	\$ 1,282	\$ 3,504
2019	2,283	1,220	3,503
2020	2,365	1,139	3,504
2021	2,430	1,073	3,503
2022	2,505	999	3,504
2023-2027	11,217	3,965	15,182
2028-2032	13,054	2,127	15,181
2033-2037	5,249	253	5,502
<b>Total</b>	<b>\$ 41,325</b>	<b>\$ 12,058</b>	<b>\$ 53,383</b>

Loans Payable – Governmental Activities:

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

Principal  
Outstanding

\$ 2,151

On July 19, 2012, the City secured financing in the amount of \$41,650 with BBVA Compass Bank for the renovation and expansion of the Riverside Convention Center. In March 2014, the financing arrangement with BBVA was increased to \$44,650. The financing consists of an initial 21-month variable rate interest only period during construction that has a swap transaction layered over the remaining 20-year amortization resulting in a “synthetic fixed” rate of 3.24% for 20 of the 22 years. For information on the swap agreement see Note 9. At the end of the construction period, principal and interest are due on the first of each month, with equal payments each year of approximately \$2,850.

39,174

Total Loans Payable – Governmental Activities

\$41,325

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

Notes Payable – Enterprise Funds:

Principal  
Outstanding

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

\$ 1,290

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

930

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

19,271

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

13,764

Total notes payable – Enterprise Funds

\$35,255

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

Fiscal Year	Sewer Fund		Total
	Principal	Interest	
2018	\$ 774	\$ 43	\$ 817
2019	788	28	816
2020	326	14	340
2021	332	7	339
Total	<u>\$ 2,220</u>	<u>\$ 92</u>	<u>\$ 2,312</u>

Fiscal Year	Public Parking Fund		Total
	Principal	Interest	
2018	\$ 1,014	\$ 732	\$ 1,746
2019	1,054	693	1,747
2020	1,095	652	1,747
2021	1,138	609	1,747
2022	1,182	565	1,747
2023-2027	6,634	2,100	8,734
2028-2032	7,154	706	7,860
Total	<u>\$ 19,271</u>	<u>\$ 6,057</u>	<u>\$ 25,328</u>

Fiscal Year	Water Fund		Total
	Principal	Interest	
2018	\$ 837	\$ 228	\$ 1,065
2019	873	214	1,087
2020	910	198	1,108
2021	947	183	1,130
2022	986	166	1,152
2023-2027	5,559	560	6,119
2028-2030	3,652	92	3,744
Total	<u>\$ 13,764</u>	<u>\$ 1,641</u>	<u>\$ 15,405</u>

Contracts – Enterprise Funds:

Water stock acquisition rights payable on demand to various water companies

Principal  
Outstanding  
\$938

Letters of Credit:

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

Debt Issue	LOC Provider	LOC Expiration Date	Annual Commitment Fee
2008 Certificates of Participation	Bank of America, N.A.	2018	0.400%
2008A Electric Revenue Bonds	Barclays Bank, PLC	2021	0.325%
2008C Electric Revenue Bonds	Barclays Bank, PLC	2021	0.325%

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

Liquidity advances drawn against the LOC that are not repaid will be converted to an installment loan with principal to be paid quarterly not to exceed a 5-year period. The City would be required to pay annual interest equal to the highest of 8.0%, the Prime Rate plus 2.50%, the Federal Funds Rate plus 2.50% and 150% of the yield on the 30-year U.S. Treasury Bond. No amounts have ever been drawn against the three letters of credit due to a failed remarketing.

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

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:



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Asset	Governmental Activities	Business-type Activities
Buildings and improvements	\$ 1,103	\$ -
Machinery and equipment	20,610	5,715
Subtotal	21,713	5,715
Less: Accumulated depreciation	(8,756)	(1,821)
Total	<u>\$ 12,957</u>	<u>\$ 3,894</u>

The future minimum lease obligations as of June 30, 2017 were as follows:

Fiscal Year	Governmental Activities	Business-type Activities
2018	\$ 4,067	\$ 1,141
2019	3,761	1,141
2020	2,581	1,128
2021	2,581	819
2022	2,021	819
Thereafter	3,380	1,664
Total minimum lease payments	18,391	6,712
Less: Amount representing interest (rates ranging from 1.2% to 9%)	(1,198)	(503)
Total capital lease payable	<u>\$ 17,193</u>	<u>\$ 6,209</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, 2017:

<u>Governmental long-term obligations:</u>	
Certificates of participation	\$ 8,767
Total	<u>\$ 8,767</u>
<u>Enterprise funds:</u>	
Electric	\$ 10,801
Sewer	16,459
Total	<u>\$ 27,260</u>

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

debt service to pledged revenue for the remainder of the term of the commitment.

Description of Pledged Revenue	Pledged Revenue (net of expenses, where required)	Payments (all of debt secured by this revenue)	Ratio for FY 06/30/16
Electric revenues	\$ 117,206	\$ 39,585	\$ 2.96
Water revenues	27,818	13,610	2.04
Sewer revenues	48,416*	28,631	1.69

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

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

**Landfill Capping:**

State and Federal laws and regulations require the City to place a final cover on all active landfills when closed and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. To comply with these laws and regulations, the City is funding the costs of closure and "final capping" of the Tequesquite landfill located in the City. This area, comprised of approximately 120 acres, operated as a "Class II Sanitary Landfill" until its closure in 1985. During its operation, the landfill did not accept hazardous waste and no clean up and abatement or cease and desist orders have been issued to the City. The capacity used at June 30, 2017 was 100%. The remaining post closure period is currently 13 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

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

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

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

Unpaid claims, June 30, 2015	\$ 38,795
Incurred claims (including IBNR's)	14,581
Claim payments and adjustments	<u>(10,107)</u>
Unpaid claims, June 30, 2016	43,269
Incurred claims (including IBNR's)	10,284
Claim payments and adjustments	<u>(8,608)</u>
Unpaid claims, June 30, 2017	<u><u>\$ 44,945</u></u>

**8. Other Long-Term Obligations**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Redevelopment Agency Bonds	\$ 226,290	\$ -	\$ (9,143)	\$ 217,147	\$ 8,920
Notes Payable	5,093	-	(365)	4,728	418
	<u>\$ 231,383</u>	<u>\$ -</u>	<u>\$ (9,508)</u>	<u>\$ 221,875</u>	<u>\$ 9,338</u>

Redevelopment Agency Bonds:

Principal  
Outstanding

\$13,285 1991 Public Financing Authority Revenue Bonds, Series A, Multiple Project Areas; \$1,470 serial revenue bonds 7.15% to 7.6%, due in annual installments from \$100 to \$145 through Feb. 1, 2003; and \$4,175 term bonds, 8.0%, due in annual installments from \$155 to \$450 through Feb. 1, 2018 (portion not refunded).	\$ 25
\$26,255 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series A; 2% to 5% due in annual installments from \$545 to \$2,230 through Oct. 1, 2024.	14,200
\$4,810 State of California Dept. of General Services Project, 2003 Lease Revenue Refunding Bonds, Series B; \$310 serial bonds 1.20% to 1.42% through Oct.1, 2004; \$620 term bonds at 3.090% due Oct. 1, 2008; \$1,110 term bonds at 4.340% due Oct. 1, 2014 and \$2,770 term bonds at 5.480% due Oct. 1, 2024.	2,330
\$8,340 Downtown/Airport Merged Project Area and Casa Blanca Project Area 2007 Tax Allocation Bonds, Tax Exempt, Series A, serial bonds 4.0% to 4.25% due in annual installments from \$20 to \$590 through Aug. 1, 2025; \$4,980 term bonds at 4.5% due Aug. 1, 2029; \$410 term bonds at 4.375% due Aug. 1, 2037.	8,145
\$14,850 Downtown/Airport Merged Project Area and Casa Blanca Project Area 2007 Tax Allocation Bonds, Taxable, Series B, \$4,050 term bonds at 5.2% due Aug. 1, 2017; \$10,800 term bonds at 5.8% due Aug. 1, 2028.	11,150
\$89,205 University Corridor/Sycamore Canyon Merged Project Area, Arlington Project Area, Hunter Park/Northside Project Area, Magnolia Center Project Area, and La Sierra/Arlanza Project Area 2007 Tax Allocation Bonds, Tax-Exempt, Series C, serial bonds 4.0% to 5.0% due in annual installments from \$50 to \$3,210 through Aug. 1, 2025; \$17,955 term bonds at	

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4.5% due Aug. 1, 2030; \$47,775 term bonds at 5.0% due Aug. 1, 2037. 85,355

\$43,875 University Corridor/Sycamore Canyon Merged Project Area, Arlington Project Area, Hunter Park/Northside Project Area, Magnolia Center Project Area, and La Sierra/Arlanza Project Area 2007 Tax Allocation Bonds, Taxable, Series D, \$15,740 term bonds at 5.24% due Aug. 1, 2017; \$28,135 term bonds at 5.89% due Aug. 1, 2032. 29,625

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

54,995

Subtotal 205,825

Add: Unamortized bond premium 11,322

Total Redevelopment Agency Bonds \$217,147

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

Fiscal Year	Principal	Interest	Total
2018	\$ 8,920	\$ 10,222	\$ 19,142
2019	9,320	9,778	19,098
2020	9,830	9,288	19,118
2021	10,805	8,762	19,567
2022	11,405	8,197	19,602
2023-2027	58,550	31,787	90,337
2028-2032	47,175	18,308	65,483
2033-2037	43,045	7,087	50,132
2038-2042	6,775	169	6,944
Premium	11,322	-	11,322
Total	<u>\$ 217,147</u>	<u>\$ 103,598</u>	<u>\$ 320,745</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 Mission Village Project, 6.15% to 6.72%, payable in semi-annual installments beginning Aug. 1, 1999 of \$110 to \$420 through Aug. 1, 2018. 810

Smith's Food & Drug Centers Inc., 6% payable in variable installments, subject to payment of annual Community Facilities District assessment. 931

Total Notes Payable – Successor Agency \$ 4,728

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:

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Fiscal Year	Principal	Interest	Total
2018	\$ 418	\$ 332	\$ 750
2019	451	317	768
2020	34	307	341
2021	38	304	342
2022	42	300	342
2023-2027	1,217	1,423	2,640
2028-2032	471	1,238	1,709
2033-2037	777	933	1,710
2038-2042	1,280	430	1,710
Total	<u>\$ 4,728</u>	<u>\$ 5,584</u>	<u>\$ 10,312</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.

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required) *	Annual Debt Service Payments (all of debt secured by this revenue)	Debt Service Coverage Ratio for FY 06/30/17
Property Taxes:			
Non-Housing	\$ 50,230	\$ 14,052	3.57
Housing	9,580	2,442	3.92

\* The computations above are based on the total tax increment generated for the year ended June 30, 2017 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, 2017, the City has several series of Assessment District and Community Facility District Bonds outstanding in the amount of \$44,170. Bonds were issued for improvements in certain districts and are long-term obligations of the property owners. The City Treasurer acts as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if applicable. Since the debt does not constitute an obligation of the City, it is not reflected as a long-term obligation of the City and is not reflected in the accompanying basic financial statements.

9. Derivative Instruments

Interest Rate Swaps

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

The following is a summary of the derivative activity for the year ended June 30, 2017:

	Notional Amount	Fair Value as of 06/30/17	Change in Fair Value for Fiscal Year
Governmental activities			
2008 Renaissance Certificates of Participation	\$ 105,700	\$ (19,499)	\$ 9,019
2012 Convention Center Financing	36,712	(867)	2,079
Business-type activities			
2008 Electric Refunding/Revenue Bonds Series A	68,525	(7,665)	4,319
2008 Electric Refunding/Revenue Bonds Series C	41,975	(7,441)	3,680
2011 Electric Refunding/Revenue Bonds Series A	41,925	(7,419)	3,676
2011 Water Refunding/Revenue Bonds Series A	54,125	(8,193)	4,205

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

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2008 Certificates of Participation (“COP”). Also, in 2012, the City entered into an additional interest rate swap agreement in connection with the Convention Center financing with BBVA Compass Bank.

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

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

As of June 30, 2017, rates were as follows:

	2008 Electric Refunding/ Revenue Bonds Series A	2008 Electric Refunding/ Revenue Bonds Series C	2011 Electric Refunding/ Revenue Bonds Series A
	Rates	Rates	Rates
Interest rate swap:			
Fixed payment to counterparty	3.11100%	3.20400%	3.20100%
Variable payment from counterparty	-0.40870%	-0.40948%	-0.32275%
Net interest rate swap payments	2.70230%	2.79452%	2.87825%
Variable rate bond coupon payments	0.32339%	0.32271%	0.22165%
Synthetic interest rate on bonds	3.02569%	3.11723%	3.09990%

	2011 Water Refunding/ Revenue Bonds Series A	2008 Renaissance COPs	2012 Convention Center Financing
	Rates	Rates	Rates
Interest rate swap:			
Fixed payment to counterparty	3.20000%	3.36200%	3.36200%
Variable payment from counterparty	-0.31124%	-0.37380%	-0.37380%
Net interest rate swap payments	2.88876%	2.98820%	2.98820%
Variable rate bond coupon payments	0.30060%	0.34689%	0.34689%
Synthetic interest rate on bonds	3.18936%	3.33509%	3.33509%

Fair Value: As of June 30, 2017, in connection with all swap arrangements, the transactions had a combined net negative fair value of (\$51,084). Because the coupons on the City’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value decrease. The fair value was developed by a pricing service using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Credit risk: The City is not exposed to credit risk on the swaps because those swaps have a negative fair value. The swap counterparties, Bank of America, N.A., Bank of America Corp. and J.P. Morgan Chase & Co. were rated A+, BBB+ and A- respectively by Standard & Poor’s. To mitigate the potential for credit risk for these swaps, the swap agreements require the fair value of the swap to be collateralized by the counterparty with U.S. Government securities if the counterparties’ rating decreases to negotiated trigger points. Collateral would be posted with a third-party custodian. At June 30, 2017, 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,

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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, 2017, 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.

Variable-Rate Bonds

Fiscal Year	Principal	Interest	Interest Rate Swaps, Net	Total
2018	\$ 7,217	\$ 1,668	\$ 9,960	\$ 18,845
2019	13,516	1,610	9,639	24,765
2020	16,610	1,528	9,198	27,336
2021	17,262	1,451	8,725	27,438
2022	17,823	1,369	8,231	27,423
2023-2027	87,702	5,564	33,958	127,224
2028-2032	101,159	3,239	21,098	125,496
2033-2037	92,149	761	6,050	98,960
Total	<u>\$ 353,438</u>	<u>\$ 17,190</u>	<u>\$ 106,859</u>	<u>\$ 477,487</u>

10. Economic Contingency

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

11. Interfund Assets, Liabilities and Transfers

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

The following table shows amounts receivable/payable between funds within the City at June 30, 2017:

Receivable Funds	Payable Funds	Amount
General Fund	Nonmajor Governmental Funds	\$ 1,415
	Nonmajor Enterprise Funds	307
		<u>1,722</u>
Electric Fund	Central Stores Fund *	183
Water Fund	Central Stores Fund *	78
Total		<u>\$ 1,983</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, 2017:

Receivable Funds	Payable Funds	Amount
General Fund	Electric Fund	\$ 12,312
	Water Fund	4,439
	Sewer Fund	2,821
	Nonmajor Governmental Funds	173
	Nonmajor Enterprise Funds	2,084
	Self-Insurance Trust Fund *	107
	Central Stores Fund *	149
	Central Garage Fund *	630
		<u>22,715</u>
Sewer Fund	Nonmajor Governmental Funds	4,986
Self-Insurance Trust Fund *	Nonmajor Enterprise Funds	98
	Central Garage Fund *	676
		<u>774</u>
Central Garage Fund *	Nonmajor Governmental Funds	2,764
		<u>\$ 31,239</u>

\* Internal service fund

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

<u>Receivable Funds</u>	<u>Amount</u>
General Fund	\$ 554
Nonmajor Governmental Funds	6,977
Electric Fund	4,665
Total	<u>\$ 12,196</u>

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

The following table shows amounts transferred to/from funds within the City for the year ended June 30, 2017:

<u>Transfers In Funds</u>	<u>Transfers Out Funds</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 31,145
	Electric Fund	39,230
	Water Fund	5,673
	Sewer Fund	900
		<u>76,948</u>
Nonmajor Governmental Funds	General Fund	12,672
	Capital Outlay Fund	3,000
	Nonmajor Governmental Funds	1,163
	Nonmajor Enterprise Funds	738
		<u>17,573</u>
Nonmajor Enterprise Funds	General Fund	<u>825</u>
	Total	<u>\$ 95,346</u>

**12. Deficit Net Position**

Deficit net position exists in the Self-Insurance Internal Service Fund (\$31,653). This City adopted a Self-Insurance Reserve Policy that will address the on-going deficit in fund balance. In the past, the City began funding a portion of the deficit in the internal service fund via self-insurance rate increases phased in over several years. However, the increases continue to be offset by unusually large losses incurred during the year combined with an

adjustment for the increase in the amount estimated for claims and judgments. Management believes that there are sufficient funds on hand to cover current payment obligations and plans to continue to control costs and increase rates. However, the Self-Insurance Reserve Policy specifically address minimum cash balance requirements in the Self-Insurance Trust Fund in-line with best practices. In conjunction with the new reserve policy, City Council has approved a funding plan to increase the cash reserve balances over the next two fiscal years. The plan calls for cash contributions of \$2,500 in each of the next two fiscal years. Implementation of the reserve policy, the cash funding approved by City Council and the increased rates should provide the fund greater financial stability for future needs.

Deficit net position exists in the Successor Agency Private-Purpose Trust Fund (\$162,046). The deficit in the Successor Agency Trust Fund will be reduced over the years as the related debt is paid-off with funds received from the Redevelopment Property Tax Trust Fund (RPTTF), which is administered by the County Auditor-Controller.

**13. Litigation**

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

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.

**14. City Employees Retirement Plan**

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

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

Safety (Police):

- 1<sup>st</sup> Tier (RPOA, RPOA Supervisory & RPAA) - 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. Beginning January 2019, in the event of annual wage increases in excess of 2%, employees shall pay a portion of the required employer contribution of 1.5% annual capped at 6%.
- 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. Effective January 2019, represented employees shall pay 2.5% of the required employer contribution with annual increases of 2.5% and 1% in January 2020 and December 2021, respectively capped at 8%.
- 2<sup>nd</sup> Tier - The retirement formula is 3% at age 55 and new employees hired on or after June 11, 2011 pay their share (9%) of contributions.
- 3<sup>rd</sup> Tier – The retirement formula is 2.7% at age 57 for new members hired on or after January 1, 2013 and the employee must pay the employee share (9%). Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

Miscellaneous:

- 1<sup>st</sup> Tier - The retirement formula is 2.7% at age 55. The City pays the employee share (8%) of contributions on their behalf and for their account except for general SEIU employees, which contributed 6%, with the City paying the remaining 2% of the employee share.
- 2<sup>nd</sup> Tier - The retirement formula is 2.7% at age 55, and:
  - SEIU and SEIU Refuse employees hired on or after June 7, 2011 pay their share (8%) of contributions.
  - All other miscellaneous employees hired on or after October 19, 2011 pay their share (8%) of contributions.
- 3<sup>rd</sup> Tier – The retirement formula is 2% at age 62 for new members hired on or after January 1, 2013 and the employee must pay the employee share ranging from 7-8% based on bargaining group classification. Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

Under the recently approved memorandums of understanding agreed to by all bargaining units, effective January 1, 2018, all employees in Tier 1, with the exception of the IBEW bargaining unit, will begin contributing 1-2% of additional annual earnings to a maximum of 8% rate by January 1, 2020 or January 1, 2021, depending on the bargaining unit. IBEW Tier 1 employees will begin to pay 2% per year starting November 1, 2017 and will contribute a total of 8% by November 1, 2020.

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

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

(D) Employees Covered - At June 30, 2016, the following employees were covered by the benefit terms of each Plan: Inactive employees or beneficiaries currently receiving benefits are 2,040 and 729 for the Miscellaneous and Safety Plans, respectively. Inactive employees entitled to but not yet receiving



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benefits are 1,317 and 158 for Miscellaneous and Safety Plans, respectively. Active employees were 1,536 and 579 for Miscellaneous and Safety Plans, respectively.

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

(F) Net Pension Liability - The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures.

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

Actuarial Assumptions – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	

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

Discount Rate – The discount rate used to measure each plan's total pension liability as of June 30, 2016 was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the discount rates used to measure total pension liability are adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rates are applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website.

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

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

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arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1 - 10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%

- (1) An expected inflation of 2.5% used for this period  
(2) An expected inflation of 3.0% used for this period

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

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

*Miscellaneous*

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Balance at June 30, 2016	\$ 1,214,579	\$ 970,787	\$ 243,792
Changes in the year:			
Service Cost	22,189	-	22,189
Interest on Total Pension Liability	90,913	-	90,913
Changes of Assumptions	-	-	-
Differences between Expected and Actual Experience	(8,417)	-	(8,417)
Contribution - employer	-	29,426	(29,426)
Contribution - employee	-	5,187	(5,187)
Net Investment Income	-	4,958	(4,958)
Benefit Payments, including Refunds of Employee Contributions	(57,702)	(57,702)	-
Administrative Expenses	-	(594)	594
Net Changes	<u>46,983</u>	<u>(18,725)</u>	<u>65,708</u>
Balance at June 30, 2017	<u>\$ 1,261,562</u>	<u>\$ 952,062</u>	<u>\$ 309,500</u>

*Safety*

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Balance at June 30, 2016	\$ 900,127	\$ 708,689	\$ 191,438
Changes in the year:			
Service Cost	18,144	-	18,144
Interest on Total Pension Liability	67,513	-	67,513
Changes of Assumptions	-	-	-
Differences between Expected and Actual Experience	(4,373)	-	(4,373)
Contribution - employer	-	26,483	(26,483)
Contribution - employee	-	1,837	(1,837)
Net Investment Income	-	3,478	(3,478)
Benefit Payments, including Refunds of Employee Contributions	(44,609)	(44,609)	-
Administrative Expenses	-	(428)	428
Net Changes	<u>36,675</u>	<u>(13,239)</u>	<u>49,914</u>
Balance at June 30, 2017	<u>\$ 936,802</u>	<u>\$ 695,450</u>	<u>\$ 241,352</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension

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liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<i>Miscellaneous</i>	Current		
	Discount Rate	Discount Rate	Discount Rate
	<u>-1% (6.65%)</u>	<u>(7.65%)</u>	<u>+1% (8.65%)</u>
Plan's Net Pension Liability/(Asset)	\$ 480,387	\$ 309,500	\$ 168,952

<i>Safety</i>	Current		
	Discount Rate	Discount Rate	Discount Rate
	<u>-1% (6.65%)</u>	<u>(7.65%)</u>	<u>+1% (8.65%)</u>
Plan's Net Pension Liability/(Asset)	\$ 367,847	\$ 241,352	\$ 137,441

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

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

For the year ended June 30, 2017, the City recognized pension expense of \$55,749. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Miscellaneous</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date, net	\$ 30,477	\$ -
Differences between actual and actuarial determined contribution	9,103	-
Changes of assumptions	-	(7,729)
Differences between expected and actual experience	-	(14,058)
Net differences between projected and actual earnings on plan investments	85,493	(33,298)
Total	<u>\$ 125,073</u>	<u>\$ (55,085)</u>

<i>Safety</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date, net	\$ 26,775	\$ -
Differences between actual and actuarial determined contributions	9,481	-
Changes of assumptions	-	(8,954)
Differences between expected and actual experience	-	(7,198)
Net differences between projected and actual earnings on plan investments	62,839	(24,470)
Total	<u>\$ 99,095</u>	<u>\$ (40,622)</u>

\$57,252 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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

Deferred Outflows of Resources

<u>Fiscal Year</u>	<u>Miscellaneous</u>	<u>Safety</u>
2018	\$ 19,315	\$ 13,813
2019	26,726	20,912
2020	24,114	19,434
2021	24,440	18,162
Total	<u>\$ 94,595</u>	<u>\$ 72,321</u>

Deferred Inflows of Resources

<u>Fiscal Year</u>	<u>Miscellaneous</u>	<u>Safety</u>
2018	\$ (9,741)	\$ (4,554)
2019	(27,663)	(18,310)
2020	(17,681)	(16,516)
2021	-	(1,242)
Total	<u>\$ (55,085)</u>	<u>\$ (40,622)</u>

**15. Other Post-Employment Benefits**

The City provides healthcare benefits to retirees in the form of an implied rate subsidy. Retirees and active employees are insured together as a group, thus creating a lower rate for retirees than if they were insured separately. Although the retirees are solely responsible for the cost of their health insurance benefits through this plan, the retirees receive the benefit of a lower rate. The

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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, 2017 was \$4,198, which consisted of normal cost of \$2,034 and UAAL amortization of \$2,164. The ARC as a percentage of payroll was 2.5% for the year ended June 30, 2017.

As of June 30, 2015, the most recent actuarial valuation date, the OPEB plan was 0.0% funded. The actuarial accrued liability for benefits was \$40 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$40 million.

Determination of the net OPEB obligation as of June 30, 2017:

Annual required contribution	\$ 4,198
Interest on net OPEB obligation	1,287
Amortization of net OPEB obligation	(1,583)
Annual OPEB cost	3,902
Less contributions made	(1,150)
Increase in net OPEB obligation	2,752
Net OPEB liability, beginning of year	32,172
Net OPEB liability, end of year	<u>\$ 34,924</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 4.00%, (b) 2.75% inflation, (c) projected salary increases of 3.00% annually and (d) healthcare cost trend rates ranging from 5.0% to 7.0%.

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

*Three-year trend information:*

Fiscal Year	ARC	Actual Contributions	% of ARC Contributed
2015	\$5,061	\$1,431	25%
2016	4,076	977	28%
2017	4,198	1,150	27%

Fiscal Year	Annual OPEB Cost	% of OPEB Cost Contributed	Net OPEB Obligation
2015	\$5,022	28%	\$29,433
2016	3,716	26%	32,172
2017	3,902	29%	34,924

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
06/30/15	\$ 40,235	\$ -	\$ 40,235	0%	\$ 165,775	24%

16. Commitments and Contingencies

Intermountain Power Agency

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

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

On September 29, 2006, Senate Bill 1368 (SB 1368) was enacted into law. The bill requires electric service providers to limit financial investments in power plants to those that adhere to greenhouse gas performance standards as determined by the Public Utilities Commission. Pursuant to this legislation, the Electric Utility is prohibited from renewing its participation in IPP if it remains a coal fueled generating resource. On June 16, 2015, the City Council approved the Intermountain Power Project renewal agreements, including the Second Amendatory Power Sales Contract and the Renewal Power Sales Contract, and authorized participation in the IPP renewal subscription process. The Second Amendatory Power Sales Contract became effective March 16, 2016. The generation component of IPP under the Renewal Power Sales Contract (Repower Project) is envisioned to be a natural gas fueled combined cycle plant with total capacity of 1,200 MW. The Renewal Power Sales Contract contemplates a term of fifty years, through June 2077 for the Repower Project. The Electric Utility is authorized to participate in the subscription process for up to 5 percent of the Repower Project or approximately 60 MW. On January 5, 2017, the Electric Utility executed the Renewal Power Sales Contract and all other necessary documents for the first two rounds of the subscription process. The Electric Utility accepted an offer of 4.167 percent entitlement or 50 MW generation capacity in the IPP Repower Project based on the 1,200 MW designed capacity, which is within the maximum participation level approved by the City Council. The Electric Utility's corresponding Southern Transmission System allocation is 5.278 percent or approximately 127 MW. The IPP Repower Project renewal subscription process was completed after two rounds on January 17, 2017 and all entitlements in the project were fully subscribed. The Electric Utility's reduced

power would allow it to diversify its energy portfolio in the future. Further, under the Renewal Power Sales Contract, the Electric Utility has the right to exit from the Repower Project by no later than November 1, 2019, if it is determined that the Repower Project is not cost beneficial to its customers.

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

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

<u>Project</u>	<u>Percentage Share</u>	<u>Entitlement</u>	<u>Final Maturity</u>	<u>Contract Expiration</u>
Palo Verde Nuclear Generating Station (PV)	5.40%	12.3 MW	2017	2030
Southern Transmission System (STS)	10.20%	244.0 MW	2027	2027
Hoover Dam Upgrading (Hoover)	31.90%	30.0 MW	2017	2017
Mead – Phoenix Transmission (MPP)	4.00%	18.0 MW	2020	2030
Mead – Adelanto Transmission (MAT)	13.50%	118.0 MW	2020	2030

Terms of Take or Pay Commitments

As part of the take-or-pay commitments with IPA and SCPPA, the Electric Utility has agreed to pay its share of current and long-term obligations. Management intends to pay these obligations from operating revenues received during the year that payment is due. A long-term obligation has not been recorded on the accompanying financial statements for these 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 portions of the Mead Phoenix and Mead-Adelanto Transmission Projects. The remaining projects have fixed interest rates which range from 0.85 percent to 5.25 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.

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Fiscal Year	SCPPA						
	IPA	PV	STS	Hoover	MPP	MAT	Total
2018	\$ 17,019	\$ 679	\$ 7,917	\$ 699	\$ 258	\$ 2,909	\$ 29,481
2019	18,613	-	7,893	-	257	2,881	29,644
2020	18,096	-	6,913	-	254	2,859	28,122
2021	16,470	-	7,926	-	189	2,136	26,721
2022	11,600	-	9,448	-	-	-	21,048
2023-2027	9,246	-	24,179	-	-	-	33,425
2028-2032	-	-	3,254	-	-	-	3,254
Total	<u>\$ 91,044</u>	<u>\$ 679</u>	<u>\$ 67,530</u>	<u>\$ 699</u>	<u>\$ 958</u>	<u>\$ 10,785</u>	<u>\$ 171,695</u>

In addition to debt service, the Electric Utility's entitlements require the payment of fuel costs, operating and maintenance, administrative and general and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service and vary each year. The costs incurred for the year ended June 30, 2017 is as follows (in thousands):

Fiscal Year	IPA	PV	STS	Hoover	MPP	MAT	Total
2017	\$ 23,000	\$ 3,285	\$ 2,712	\$ 58	\$ 64	\$ 254	\$ 29,373
2016	22,667	3,601	3,001	81	34	377	29,761

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

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

Hoover Upgrading Project

The Electric Utility's entitlement in the Hoover project through SCPPA will terminate on September 30, 2017. In March 2014, the Electric Utility prepaid its share of outstanding debt incurred by the Bureau of Reclamation in connection with the acquisition and construction of the Hoover Power Project

Visitors Center and Air Slots. The payment of principal and interest on the debt is a component of the cost of power and energy payable by Hoover contractors, which includes SCPPA participants that receive power from the Hoover Power Project under agreements with the Western Area Power Administration. Because Bureau Debt bears interest at rates that are substantially higher than current market interest rates, the Electric Utility elected to prepay the debt in order to realize savings on power costs in the future. The Electric Utility's share of the debt is recorded on the statements of net position as unamortized purchased power to be amortized over the remaining term of the project through 2017. As of June 30, 2017, unamortized purchased power was \$124 with amortization of \$496.

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

Nuclear Insurance

The Price-Anderson Act (the Act) requires that all utilities with nuclear generating facilities purchase the maximum private primary nuclear liability insurance available (\$450 million) and participate in the industry's secondary financial protection plan. The secondary financial protection program is the industry's retrospective assessment plan that uses deferred premium charges from every licensed reactor owner if claims and/or costs resulting from a nuclear incident at any licensed reactor in the United States were to exceed the primary nuclear insurance at that plant's site. Effective January 1, 2017, the Act limits liability from third-party claims to approximately \$13.4 billion per incident. Under the industry wide retrospective assessment program provided for under the Act, assessments are limited to \$127.3 million per reactor for each nuclear incident occurring at any nuclear reactor in the United States, with payments under the program limited to \$19.0 million per reactor, per year, per event to be indexed for inflation every five years. Based on the Electric Utility's interest in Palo Verde and ownership in SONGS, the Electric Utility would be responsible for a maximum assessment of \$5.8 million, limited to payments of \$0.9 million per incident, per year. If the public liability limit above is insufficient, federal regulations may impose further revenue-raising

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measures to pay claims, including a possible additional assessment on all licensed reactor operators.

**Renewable Portfolio Standards (RPS)**

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

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

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

Long-term renewable PPAs in operation (in thousands):

Supplier	Type	Maximum Contract <sup>1</sup>	Contract Expiration	Estimated
				Annual Cost For 2018
Salton Sea Power LLC	Geothermal	46.0 MW	5/31/2020	\$ 28,730
Wintec Energy, Ltd.	Wind	1.3 MW	12/30/2018	243
WKN Wagner	Wind	6.0 MW	12/22/2032	1,293
SunEdison - AP North Lake	Photovoltaic	20.0 MW	8/11/2040	4,554
Dominion - Columbia II	Photovoltaic	11.1 MW	12/22/2034	2,314
Cabazon Wind	Wind	39.0 MW	1/1/2025	4,299
First Solar - Kingbird B	Photovoltaic	14.0 MW	12/31/2036	2,867
FTP Solar				
sPower - Summer Solar	Photovoltaic	10.0 MW	12/31/2041	1,748
sPower - Antelope Big Sky Ranch	Photovoltaic	10.0 MW	12/31/2041	1,748
sPower - Antelope DSR 1 Solar	Photovoltaic	25.0 MW	12/19/2036	3,826
Solar Star - Tequesquite Landfill Solar	Photovoltaic	7.3 MW	12/31/2040	1,321
CalEnergy - Salton Sea Portfolio Phase 1	Geothermal	20.0 MW	12/31/2039	12,007
	Total	209.7 MW		\$ 64,950

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

Long-term renewable PPAs with expected delivery:

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

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

**Cap-and-Trade Program**

Assembly Bill (AB) 32, enacted in 2006, mandated that the California Air Resources Board (CARB) develop regulations for the reduction of greenhouse gas (GHG) emissions to the 1990 levels by the year 2020. In January 2013, emission compliance obligations developed by CARB began under the Cap-and-Trade Program (Program). This Program requires electric utilities to have GHG allowances on an annual basis to offset GHG emissions associated with generating electricity. To ease the transition and mitigate the rate impacts to

retail customers, CARB will allocate certain amounts of GHG allowances at no cost to electrical distribution utilities. The Electric Utility's free allocation of GHG allowances is expected to be sufficient to meet the Electric Utility's direct GHG compliance obligations.

At times, the Electric Utility may have allocated allowances in excess of its compliance obligations that can be sold into the CARB quarterly auctions. In fiscal year ended June 30, 2017, the Electric Utility received \$6,881 in proceeds related to the sale of the GHG allowances which are included on the statements of revenues, expenses and changes in net position as other operating revenue. The Electric Utility has established a restricted Regulatory Requirement reserve to comply with regulatory restrictions and governing requirements related to the use of the GHG proceeds. The available funds are to be utilized for qualifying projects, consistent with the goals of AB 32 to benefit the retail ratepayers. The balance in the Regulatory Requirement reserve was \$16,123 as of June 30, 2017.

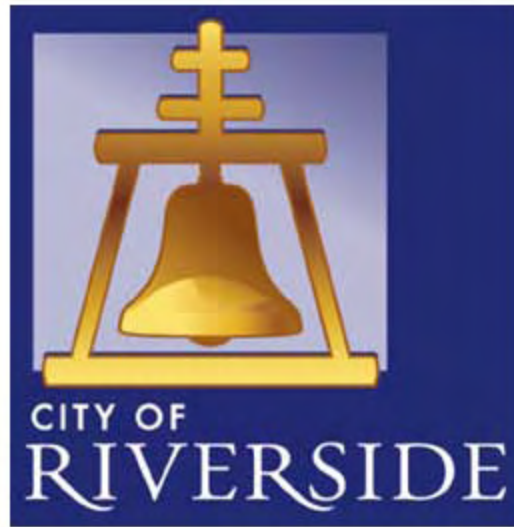
The Electric Utility also purchases GHG allowances which can be used in future periods for GHG compliance regulations. The balance of purchased GHG allowances was \$1,097 as of June 30, 2017 and is recorded as inventory in the statements of net position.

#### 17. Tax Abatements

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

Incremental Sales Tax Revenue can be generated from sales reported to the State Board of Equalization at the business site and from third party vendor transactions occurring using the business site as the point of sale. Incremental Property Tax Revenue is generated from the increase in County assessed valuation over the 2012-13 base period values, for the parcels designated in the agreement. For parcels acquired after 2012-13 in the project area, the acquisition price will become its base year valuation. The initial 2012-13 base year assessed valuation is \$114,293 and has been adjusted to \$125,043 for the parcels acquired in 2014-15. The business is due 100% of the incremental Property tax revenue due to the City from the project area tax rate. It is calculated as 11% of the value determined from taking 1% of the difference of current net assessed valuation over the adjusted base valuation. The cumulative rebate payment as of June 30, 2017 is \$135.





## Required Supplementary Information

### Consists of the following:

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

City of Riverside  
Required Supplementary Information - Unaudited

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

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

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

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit also know as Golden Handshakes.

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

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

**Schedule of Plan Contributions (Thousands)**

Last 10 Years \*

	2016-17 *		2015-16 *		2014-15 *	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
Actuarially Determined Contribution	\$24,885	\$21,886	\$21,063	\$ 18,452	\$ 20,505	\$ 17,341
Contributions in Relation to the Actuarially Determined Contribution	(29,426)	(26,483)	(25,997)	(23,384)	(27,584)	(23,156)
Contribution Excess	<u>\$ (4,541)</u>	<u>\$ (4,597)</u>	<u>\$ (4,934)</u>	<u>\$ (4,932)</u>	<u>\$ (7,079)</u>	<u>\$ (5,815)</u>
Total Covered Payroll	\$114,521	\$64,778	\$113,850	\$64,648	\$113,869	\$64,715
Contributions as a Percentage of Total - Covered Payroll	21.73%	33.79%	18.50%	28.54%	18.01%	26.80%

**Notes to Schedule**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013 public agency valuations.

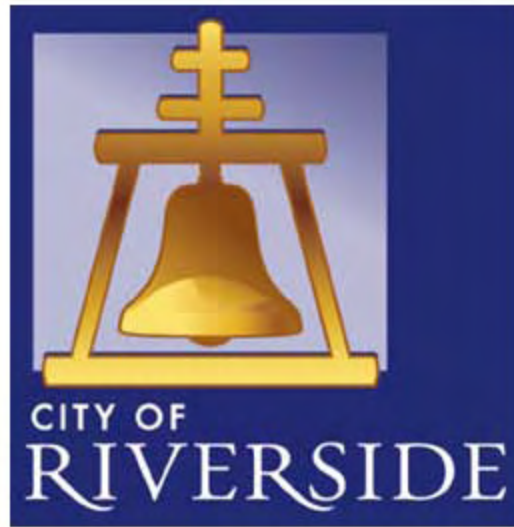
Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	Market Value of Asset
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative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

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

**City of Riverside**  
**Required Supplementary Information - Unaudited**  
**Summary of Other Post Employment Benefits Funding Progress (Thousands)**

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Accrued Liability</u>	<u>Unfunded Liability AVA</u>	<u>Funded Ratios AVA</u>	<u>Annual Covered Payroll</u>	<u>UL as a % of Payroll</u>
June 30, 2015	\$ -	\$ 40,235	\$ 40,235	\$ -	\$ 165,775	24%
June 30, 2013	-	47,195	47,195	-	153,077	31%
June 30, 2011	-	56,060	56,060	-	149,321	38%



## **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, 2017  
(amounts expressed in thousands)

	Special Revenue							Total
	Urban Areas Security Initiative	Gas Tax	Air Quality Improvements	Housing & Community Development	NPDES Storm Drain	Housing		
<b>Assets</b>								
Cash and investments	\$ -	\$ 15,047	\$ 916	\$ 2,422	\$ -	\$ 10,822	\$ 29,207	
Receivable (net of allowance for uncollectibles):								
Interest	-	49	3	5	-	30	87	
Accounts	-	-	-	2	-	-	2	
Intergovernmental	524	125	103	1,718	1,094	-	3,564	
Notes	-	-	-	13,769	-	23,475	37,244	
Prepaid items	24	-	-	-	-	-	24	
Advances to Successor Agency Trust Fund	-	-	-	-	-	6,977	6,977	
Land & improvements held for resale	-	-	-	443	-	2,654	3,097	
Total assets	<u>\$ 548</u>	<u>\$ 15,221</u>	<u>\$ 1,022</u>	<u>\$ 18,359</u>	<u>\$ 1,094</u>	<u>\$ 43,958</u>	<u>\$ 80,202</u>	
<b>Liabilities</b>								
Accounts payable	\$ -	\$ 392	\$ -	\$ 354	\$ 1	\$ 4	\$ 751	
Retainage payable	-	142	-	-	-	-	142	
Unearned revenue	-	-	-	-	-	-	-	
Due to other funds	548	-	-	-	582	-	1,130	
Advance from other funds	-	-	-	49	-	124	173	
Total liabilities	<u>548</u>	<u>534</u>	<u>-</u>	<u>403</u>	<u>583</u>	<u>128</u>	<u>2,196</u>	
<b>Deferred Inflows of Resources</b>								
Unavailable revenue	-	-	-	14,213	-	23,475	37,688	
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,213</u>	<u>-</u>	<u>23,475</u>	<u>37,688</u>	
<b>Fund Balances (Deficits)</b>								
Nonspendable:								
Inventories, prepaids and deposits	24	-	-	-	-	-	24	
Restricted for:								
Housing and redevelopment	-	-	-	3,743	-	20,355	24,098	
Transportation and public works	-	14,687	1,022	-	511	-	16,220	
Unassigned	(24)	-	-	-	-	-	(24)	
Total fund balances	<u>-</u>	<u>14,687</u>	<u>1,022</u>	<u>3,743</u>	<u>511</u>	<u>20,355</u>	<u>40,318</u>	
Total liabilities deferred inflows of resources, and fund balances	<u>\$ 548</u>	<u>\$ 15,221</u>	<u>\$ 1,022</u>	<u>\$ 18,359</u>	<u>\$ 1,094</u>	<u>\$ 43,958</u>	<u>\$ 80,202</u>	

Continued



City of Riverside  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017  
(amounts expressed in thousands)

	Capital Projects				General Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
	Special Capital Improvement	Storm Drain	Transportation	Total		Library Special	
<b>Assets</b>							
Cash and investments	\$ 4,671	\$ 1,272	\$ -	\$ 5,943	\$ 739	\$ 1,577	\$ 37,466
Cash and investments at fiscal agent	2,994	-	-	2,994	8,794	-	11,788
Receivable (net of allowance for uncollectibles):							
Interest	23	4	-	27	4	-	118
Accounts	-	-	-	-	58	-	60
Intergovernmental	-	-	297	297	-	-	3,861
Notes	-	-	-	-	-	-	37,244
Prepaid items	-	-	-	-	-	-	24
Advances to Successor Agency Trust Fund	-	-	-	-	-	-	6,977
Land & improvements held for resale	-	-	-	-	-	-	3,097
Total assets	<u>\$ 7,688</u>	<u>\$ 1,276</u>	<u>\$ 297</u>	<u>\$ 9,261</u>	<u>\$ 9,595</u>	<u>\$ 1,577</u>	<u>\$ 100,635</u>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ 12	\$ -	\$ 12	\$ 178	\$ -	\$ 941
Retainage payable	19	-	-	19	-	-	161
Due to other funds	-	-	285	285	-	-	1,415
Advance from other funds	4,788	-	-	4,788	2,962	-	7,923
Total liabilities	<u>4,807</u>	<u>12</u>	<u>285</u>	<u>5,104</u>	<u>3,140</u>	<u>-</u>	<u>10,440</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	-	-	-	-	-	-	37,688
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,688</u>
<b>Fund Balances (Deficits)</b>							
Nonspendable:							
Inventories, prepaids and deposits	-	-	-	-	-	-	24
Permanent fund principal	-	-	-	-	-	1,577	1,577
Restricted for:							
Housing and redevelopment	-	-	-	-	-	-	24,098
Debt service	-	-	-	-	6,455	-	6,455
Transportation and public works	-	-	12	12	-	-	16,232
Other purposes	2,881	1,264	-	4,145	-	-	4,145
Unassigned	-	-	-	-	-	-	(24)
Total fund balances	<u>2,881</u>	<u>1,264</u>	<u>12</u>	<u>4,157</u>	<u>6,455</u>	<u>1,577</u>	<u>52,507</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,688</u>	<u>\$ 1,276</u>	<u>\$ 297</u>	<u>\$ 9,261</u>	<u>\$ 9,595</u>	<u>\$ 1,577</u>	<u>\$ 100,635</u>

City of Riverside  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2017  
(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	\$ 844	\$ 6,142	\$ 422	\$ 5,713	\$ -	\$ -	\$ 13,121
Fines and forfeitures	-	-	-	-	-	1	1
Special assessments	-	-	-	-	1,093	-	1,093
Rental and investment income	-	9	3	67	-	192	271
Miscellaneous	-	-	208	215	-	549	972
Total revenues	844	6,151	633	5,995	1,093	742	15,458
<b>Expenditures</b>							
Current:							
General government	-	-	452	361	-	1,186	1,999
Public safety	844	-	-	-	-	-	844
Capital outlay	-	8,609	-	5,718	1,095	-	15,422
Debt service:							
Interest	-	-	-	10	-	-	10
Total expenditures	844	8,609	452	6,089	1,095	1,186	18,275
Excess (deficiency) of revenues over (under) expenditures	-	(2,458)	181	(94)	(2)	(444)	(2,817)
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	1,163	-	-	1,163
Transfers out	-	-	-	-	-	(1,163)	(1,163)
Proceeds on retirement of capital assets	-	308	-	-	-	(110)	198
Total other financing sources (uses)	-	308	-	1,163	-	(1,273)	198
Net change in fund balances	-	(2,150)	181	1,069	(2)	(1,717)	(2,619)
Fund balances - beginning	-	16,837	841	2,674	513	22,072	42,937
Fund balances - ending	\$ -	\$ 14,687	\$ 1,022	\$ 3,743	\$ 511	\$ 20,355	\$ 40,318

Continued

**City of Riverside**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended June 30, 2017**  
**(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	\$ 4,245	\$ 395	\$ -	\$ 4,640	\$ -	\$ -	\$ 4,640
Intergovernmental	-	61	297	358	-	-	13,479
Fines and forfeitures	-	-	-	-	-	-	1
Special assessments	-	-	-	-	1,086	-	2,179
Rental and investment income	26	-	-	26	1,616	12	1,925
Miscellaneous	-	-	-	-	483	149	1,604
Total revenues	<u>4,271</u>	<u>456</u>	<u>297</u>	<u>5,024</u>	<u>3,185</u>	<u>161</u>	<u>23,828</u>
<b>Expenditures</b>							
Current:							
General government	1,714	-	-	1,714	486	-	4,199
Public safety	-	-	-	-	-	-	844
Culture and recreation	-	-	-	-	-	203	203
Capital outlay	2,120	313	297	2,730	-	-	18,152
Debt service:							
Principal	-	-	-	-	28,475	-	28,475
Interest	63	-	-	63	10,833	-	10,906
Total expenditures	<u>3,897</u>	<u>313</u>	<u>297</u>	<u>4,507</u>	<u>39,794</u>	<u>203</u>	<u>62,779</u>
Excess (deficiency) of revenues over (under) expenditures	<u>374</u>	<u>143</u>	<u>-</u>	<u>517</u>	<u>(36,609)</u>	<u>(42)</u>	<u>(38,951)</u>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	16,410	-	17,573
Transfers out	-	-	-	-	(31,145)	-	(32,308)
Issuance of long-term debt	-	-	-	-	31,578	-	31,578
Proceeds on retirement of capital assets	-	-	-	-	-	-	198
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,843</u>	<u>-</u>	<u>17,041</u>
Net change in fund balances	374	143	-	517	(19,766)	(42)	(21,910)
Fund balances - beginning	2,507	1,121	12	3,640	26,221	1,619	74,417
Fund balances - ending	<u>\$ 2,881</u>	<u>\$ 1,264</u>	<u>\$ 12</u>	<u>\$ 4,157</u>	<u>\$ 6,455</u>	<u>\$ 1,577</u>	<u>\$ 52,507</u>

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2017  
(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	\$ 4,495	\$ 844	\$ (3,651)	\$ 6,455	\$ 6,142	\$ (313)	\$ 392	\$ 422	\$ 30
Rental and investment income	-	-	-	150	9	(141)	-	3	3
Miscellaneous	-	-	-	-	-	-	254	208	(46)
Total revenues	<u>4,495</u>	<u>844</u>	<u>(3,651)</u>	<u>6,605</u>	<u>6,151</u>	<u>(454)</u>	<u>646</u>	<u>633</u>	<u>(13)</u>
<b>Expenditures</b>									
Current:									
General government	-	-	-	-	-	-	1,028	452	576
Public safety	4,495	844	3,651	-	-	-	-	-	-
Capital outlay	-	-	-	21,882	8,609	13,273	-	-	-
Total expenditures	<u>4,495</u>	<u>844</u>	<u>3,651</u>	<u>21,882</u>	<u>8,609</u>	<u>13,273</u>	<u>1,028</u>	<u>452</u>	<u>576</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,277)</u>	<u>(2,458)</u>	<u>12,819</u>	<u>(382)</u>	<u>181</u>	<u>563</u>
<b>Other financing sources (uses)</b>									
Proceeds on retirement of capital assets	-	-	-	-	308	308	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308</u>	<u>308</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	(15,277)	(2,150)	13,127	(382)	181	563
Fund balances (deficit), beginning	-	-	-	16,837	16,837	-	841	841	-
Fund balances (deficit), ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,560</u>	<u>\$ 14,687</u>	<u>\$ 13,127</u>	<u>\$ 459</u>	<u>\$ 1,022</u>	<u>\$ 563</u>

(continued)

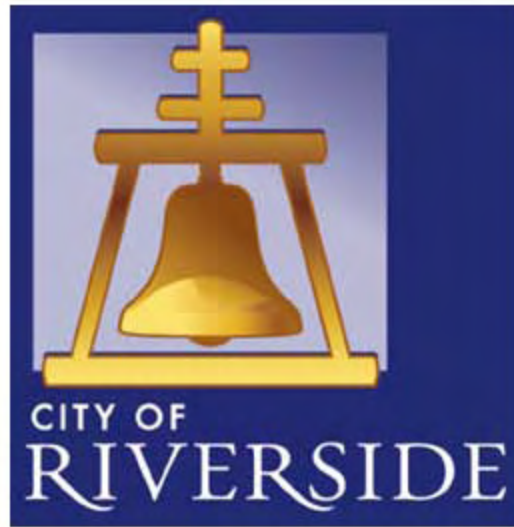
City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2017  
(amounts expressed in thousands)

	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	\$ 7,284	\$ 5,713	\$ (1,571)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-	1	1
Special assessments	-	-	-	1,391	1,093	(298)	-	-	-
Rental and investment income	35	67	32	-	-	-	-	192	192
Miscellaneous	85	215	130	-	-	-	-	549	549
Total revenues	<u>7,404</u>	<u>5,995</u>	<u>(1,409)</u>	<u>1,391</u>	<u>1,093</u>	<u>(298)</u>	<u>-</u>	<u>742</u>	<u>742</u>
<b>Expenditures</b>									
Current:									
General government	2,136	361	1,775	-	-	-	2,533	1,186	1,347
Capital outlay	19,627	5,718	13,909	1,930	1,095	835	-	-	-
Debt service:									
Principal	32	-	32	-	-	-	-	-	-
Interest	13	10	3	-	-	-	6	-	6
Total expenditures	<u>21,808</u>	<u>6,089</u>	<u>15,719</u>	<u>1,930</u>	<u>1,095</u>	<u>835</u>	<u>2,539</u>	<u>1,186</u>	<u>1,353</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,404)</u>	<u>(94)</u>	<u>(14,310)</u>	<u>(539)</u>	<u>(2)</u>	<u>537</u>	<u>(2,539)</u>	<u>(444)</u>	<u>2,095</u>
<b>Other financing sources (uses)</b>									
Transfers in (out)	1,163	1,163	-	-	-	-	(117)	(1,163)	(1,046)
Proceeds on retirement of capital assets	-	-	-	-	-	-	-	(110)	(110)
Total other financing sources (uses)	<u>1,163</u>	<u>1,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117)</u>	<u>(1,273)</u>	<u>(1,156)</u>
Net change in fund balances	(13,241)	1,069	(14,310)	(539)	(2)	537	(2,656)	(1,717)	939
Fund balances (deficit), beginning	2,674	2,674	-	513	513	-	22,072	22,072	-
Fund balances (deficit), ending	<u>\$ (10,567)</u>	<u>\$ 3,743</u>	<u>\$ (14,310)</u>	<u>\$ (26)</u>	<u>\$ 511</u>	<u>\$ 537</u>	<u>\$ 19,416</u>	<u>\$ 20,355</u>	<u>\$ 939</u>

(continued)

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2017  
(amounts expressed in thousands)

	Capital Projects											
	Capital Outlay			Special Capital Improvement			Storm Drain			Transportation		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
<b>Revenues</b>												
Licenses and permits	\$ -	\$ -	\$ -	\$ 2,600	\$ 4,245	\$ 1,645	\$ 130	\$ 395	\$ 265	\$ -	\$ -	\$ -
Intergovernmental	31,910	10,643	(21,267)	250	-	(250)	12,757	61	(12,696)	336	297	(39)
Special assessments	220	956	736	-	-	-	-	-	-	-	-	-
Rental and investment income	170	25	(145)	-	26	26	20	-	(20)	-	-	-
Miscellaneous	3,750	136	(3,614)	-	-	-	-	-	-	-	-	-
Total revenues	<u>36,050</u>	<u>11,760</u>	<u>(24,290)</u>	<u>2,850</u>	<u>4,271</u>	<u>1,421</u>	<u>12,907</u>	<u>456</u>	<u>(12,451)</u>	<u>336</u>	<u>297</u>	<u>(39)</u>
<b>Expenditures</b>												
Current:												
General government	-	-	-	1,114	1,714	(600)	-	-	-	-	-	-
Capital outlay	51,757	9,487	42,270	1,422	2,120	(698)	13,276	313	12,963	336	297	39
Debt service:												
Principal	-	-	-	1,389	-	1,389	-	-	-	-	-	-
Interest	-	-	-	62	63	(1)	-	-	-	-	-	-
Total expenditures	<u>51,757</u>	<u>9,487</u>	<u>42,270</u>	<u>3,987</u>	<u>3,897</u>	<u>90</u>	<u>13,276</u>	<u>313</u>	<u>12,963</u>	<u>336</u>	<u>297</u>	<u>39</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,707)</u>	<u>2,273</u>	<u>(13,434)</u>	<u>(1,137)</u>	<u>374</u>	<u>(763)</u>	<u>(369)</u>	<u>143</u>	<u>(226)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>												
Transfers out	(3,000)	(3,000)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(18,707)	(727)	(13,434)	(1,137)	374	(763)	(369)	143	(226)	-	-	-
Fund balances (deficit), beginning	18,673	18,673	-	2,507	2,507	-	1,121	1,121	-	70	12	(58)
Fund balances (deficit), ending	<u>\$ (34)</u>	<u>\$ 17,946</u>	<u>\$ (13,434)</u>	<u>\$ 1,370</u>	<u>\$ 2,881</u>	<u>\$ (763)</u>	<u>\$ 752</u>	<u>\$ 1,264</u>	<u>\$ (226)</u>	<u>\$ 70</u>	<u>\$ 12</u>	<u>\$ (58)</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, 2017**  
**(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	\$ 814	\$ 5,237	\$ 369	\$ 8	\$ 6,428
Receivables (net of allowance for uncollectibles)					
Interest	3	22	3	2	30
Utility billed	-	1,038	-	-	1,038
Utility unbilled	-	774	-	-	774
Accounts	81	773	16	897	1,767
Intergovernmental	-	-	781	21	802
Restricted assets:					
Other restricted cash and cash equivalents	-	1,738	-	-	1,738
Total current assets	<u>898</u>	<u>9,582</u>	<u>1,169</u>	<u>928</u>	<u>12,577</u>
Non-current assets:					
Regulatory assets	-	5,281	-	-	5,281
Capital assets:					
Land	9,988	-	-	9,192	19,180
Buildings	2,631	-	43	33,229	35,903
Accumulated depreciation-buildings	(1,442)	-	(15)	(6,427)	(7,884)
Improvements other than buildings	19,665	-	2,848	6,740	29,253
Accumulated depreciation-improvements other than buildings	(8,348)	-	(414)	(2,599)	(11,361)
Machinery and equipment	479	16,832	5,137	1,130	23,578
Accumulated depreciation-machinery and equipment	(394)	(11,977)	(3,339)	(1,120)	(16,830)
Construction in progress	164	-	-	-	164
Total non-current assets:	<u>22,743</u>	<u>10,136</u>	<u>4,260</u>	<u>40,145</u>	<u>77,284</u>
Total assets	<u>23,641</u>	<u>19,718</u>	<u>5,429</u>	<u>41,073</u>	<u>89,861</u>
<b>Deferred Outflows of Resources</b>					
Pension contributions, changes in assumptions and differences in experience	388	2,865	1,311	740	5,304
Total deferred outflows of resources	<u>388</u>	<u>2,865</u>	<u>1,311</u>	<u>740</u>	<u>5,304</u>

Continued

**City of Riverside**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

<b>Liabilities</b>	<b>Airport</b>	<b>Refuse</b>	<b>Transportation</b>	<b>Public Parking</b>	<b>Total</b>
Current liabilities:					
Accounts payable	11	1,149	15	132	1,307
Unearned revenue	5	1	1,195	-	1,201
Due to other funds	-	-	-	307	307
Notes payable - current	-	-	-	1,014	1,014
Landfill capping - current	-	250	-	-	250
Compensated absences - current	37	321	119	40	517
Total current liabilities	<u>53</u>	<u>1,721</u>	<u>1,329</u>	<u>1,493</u>	<u>4,596</u>
Non-current liabilities:					
Notes payables	-	-	-	18,257	18,257
Advances from other funds	245	1,050	498	389	2,182
Landfill capping	-	5,140	-	-	5,140
Compensated absences	3	26	9	3	41
OPEB obligation	126	1,099	525	256	2,006
Net pension liability	970	7,446	3,416	1,986	13,818
Total non-current liabilities	<u>1,344</u>	<u>14,761</u>	<u>4,448</u>	<u>20,891</u>	<u>41,444</u>
Total liabilities	<u>1,397</u>	<u>16,482</u>	<u>5,777</u>	<u>22,384</u>	<u>46,040</u>
<b>Deferred Inflows of Resources</b>					
Pension contributions, changes in assumptions and differences in experience	176	1,472	679	418	2,745
Total deferred inflows of resources	<u>176</u>	<u>1,472</u>	<u>679</u>	<u>418</u>	<u>2,745</u>
<b>Net Position</b>					
Net investment in capital assets	22,743	4,855	4,260	20,874	52,732
Restricted for landfill capping	-	1,738	-	-	1,738
Unrestricted	(287)	(1,964)	(3,976)	(1,863)	(8,090)
Total net position	<u>\$ 22,456</u>	<u>\$ 4,629</u>	<u>\$ 284</u>	<u>\$ 19,011</u>	<u>\$ 46,380</u>

**City of Riverside**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the fiscal year ended June 30, 2017**  
**(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	\$ 1,578	\$ 22,567	\$ 359	\$ 5,009	\$ 29,513
Operating expenses:					
Personnel services	618	4,809	2,328	1,152	8,907
Contractual services	58	4,613	38	1,645	6,354
Maintenance and operation	285	5,812	501	686	7,284
General	267	3,656	521	89	4,533
Materials and supplies	22	1,195	228	17	1,462
Insurance	32	89	49	88	258
Depreciation and amortization	707	1,730	530	992	3,959
Total operating expenses	<u>1,989</u>	<u>21,904</u>	<u>4,195</u>	<u>4,669</u>	<u>32,757</u>
Operating Income (loss)	<u>(411)</u>	<u>663</u>	<u>(3,836)</u>	<u>340</u>	<u>(3,244)</u>
Nonoperating revenues (expenses):					
Operating grants	-	-	3,751	-	3,751
Interest income	5	17	-	4	26
Other	39	514	82	735	1,370
Gain (loss) on retirement of capital assets	19	(328)	-	-	(309)
Interest expense and fiscal charges	(9)	(49)	(26)	(779)	(863)
Total non-operating revenues	<u>54</u>	<u>154</u>	<u>3,807</u>	<u>(40)</u>	<u>3,975</u>
Income (loss) before capital contributions and transfers	<u>(357)</u>	<u>817</u>	<u>(29)</u>	<u>300</u>	<u>731</u>
Cash capital contributions	106	-	781	-	887
Noncash capital contributions	55	-	-	-	55
Transfers in	-	-	-	825	825
Transfers out	-	-	-	(738)	(738)
Change in net position	<u>(196)</u>	<u>817</u>	<u>752</u>	<u>387</u>	<u>1,760</u>
Net position - beginning	<u>22,652</u>	<u>3,812</u>	<u>(468)</u>	<u>18,624</u>	<u>44,620</u>
Net position - ending	<u>\$ 22,456</u>	<u>\$ 4,629</u>	<u>\$ 284</u>	<u>\$ 19,011</u>	<u>\$ 46,380</u>

City of Riverside  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the fiscal year ended June 30, 2017  
(amounts expressed in thousands)

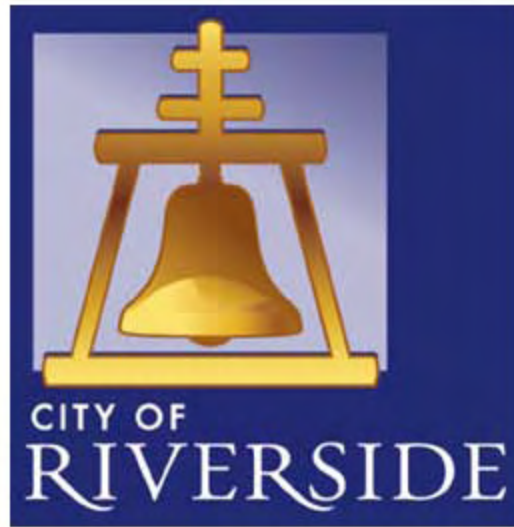
	<u>Airport</u>	<u>Refuse</u>	<u>Transportation</u>	<u>Public Parking</u>	<u>Totals</u>
Cash flows from operating activities:					
Cash received from customers and users	\$ 1,566	\$ 22,416	\$ -	\$ 4,771	\$ 28,753
Cash paid to employees for services	(598)	(4,737)	(2,280)	(1,139)	(8,754)
Cash paid to other suppliers of goods or services	(670)	(15,257)	(1,554)	(2,451)	(19,932)
Other nonoperating items	39	920	82	735	1,776
Net cash (used) provided by operating activities	<u>337</u>	<u>3,342</u>	<u>(3,752)</u>	<u>1,916</u>	<u>1,843</u>
Cash flows from noncapital financing activities:					
Transfers in	-	-	-	825	825
Transfers out	-	-	-	(738)	(738)
Operating grants	-	-	3,751	-	3,751
Receipts on interfund advances	55	13	-	32	100
Payments on interfund advances	-	-	(1)	(275)	(276)
Net cash (used) provided by noncapital financing activities	<u>55</u>	<u>13</u>	<u>3,750</u>	<u>(156)</u>	<u>3,662</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(119)	(847)	(1,247)	-	(2,213)
Proceeds from the sale of capital assets	19	-	-	-	19
Principal paid on long-term obligations	-	-	-	(976)	(976)
Interest paid on long-term obligations	(9)	(49)	(26)	(779)	(863)
Capital contributions	106	-	781	-	887
Net cash (used) provided for capital and related financing activities	<u>(3)</u>	<u>(896)</u>	<u>(492)</u>	<u>(1,755)</u>	<u>(3,146)</u>
Cash flows from investing activities:					
Sale and (purchase) of investments	(2)	(9)	(1)	(1)	(13)
Interest from investments	5	17	-	4	26
Net cash (used) provided by investing activities	<u>3</u>	<u>8</u>	<u>(1)</u>	<u>3</u>	<u>13</u>
Net change in cash and cash equivalents	<u>392</u>	<u>2,467</u>	<u>(495)</u>	<u>8</u>	<u>2,372</u>
Cash and cash equivalents, beginning	<u>422</u>	<u>4,508</u>	<u>864</u>	<u>-</u>	<u>5,794</u>
Cash and cash equivalents, ending	<u>\$ 814</u>	<u>\$ 6,975</u>	<u>\$ 369</u>	<u>\$ 8</u>	<u>\$ 8,166</u>

Continued

City of Riverside  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the fiscal year ended June 30, 2017  
(amounts expressed in thousands)

Continued

	Airport	Refuse	Transportation	Public Parking	Totals
Reconciliation of operating income (loss) to net cash (used) provided by operating activities:					
Operating Income (loss)	\$ (411)	\$ 663	\$ (3,836)	\$ 340	\$ (3,244)
Other nonoperating items	39	514	82	735	1,370
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	707	1,730	530	992	3,959
Changes in assets, liabilities and deferred inflows/outflows of resources:					
Utility billed receivable	-	(11)	-	-	(11)
Utility unbilled receivable	-	(27)	-	-	(27)
Accounts receivable	(12)	(113)	1	(236)	(360)
Intergovernmental receivable	-	-	(492)	(2)	(494)
Regulatory assets	-	406	-	-	406
Accounts payable	(11)	404	8	74	475
Other payables	29	89	(36)	17	99
Landfill capping	-	(296)	-	-	(296)
Net pension liability and related charges in deferred outflows and inflows of resources	(4)	(17)	(9)	(4)	(34)
Net cash (used) provided by operating activities	<u>\$ 337</u>	<u>\$ 3,342</u>	<u>\$ (3,752)</u>	<u>\$ 1,916</u>	<u>\$ 1,843</u>
Schedule of noncash financing and investing activities:					
Capital Contributions - capital assets	\$ 55	\$ -	\$ -	\$ -	\$ 55
Loss on retirement of capital assets	-	(328)	-	-	(328)



## **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, 2017  
(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	\$ 13,900	\$ -	\$ 4,621	\$ 18,521
Receivables (net of allowance for uncollectibles)				
Interest	28	-	15	43
Accounts	17	-	6	23
Intergovernmental	27	-	566	593
Inventory	-	5,670	330	6,000
Total current assets	<u>13,972</u>	<u>5,670</u>	<u>5,538</u>	<u>25,180</u>
<b>Non-current assets:</b>				
Advances to other funds	774	-	2,764	3,538
<b>Capital assets:</b>				
Land			458	458
Intangible assets, depreciable	219	-	-	219
Accumulated depreciation - intangible assets, depreciable	(88)	-	-	(88)
Buildings	-	-	4,065	4,065
Accumulated depreciation-buildings	-	-	(597)	(597)
Improvements other than buildings	-	-	1,315	1,315
Accumulated depreciation - improvements other than buildings	-	-	(369)	(369)
Machinery and equipment	5	139	11,163	11,307
Accumulated depreciation-machinery and equipment	(3)	(139)	(8,534)	(8,676)
Total non-current assets:	<u>907</u>	<u>-</u>	<u>10,265</u>	<u>11,172</u>
Total assets	<u>14,879</u>	<u>5,670</u>	<u>15,803</u>	<u>36,352</u>
<b>Deferred Outflows of Resources</b>				
Pension contributions, changes in assumptions and differences in experience	392	420	2,124	2,936
Total deferred outflows of resources	<u>392</u>	<u>420</u>	<u>2,124</u>	<u>2,936</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	646	422	276	1,344
Due to other funds	-	261	-	261
Claims and judgments - current	10,765	-	-	10,765
Compensated absences - current	26	56	220	302
Total current liabilities	<u>11,437</u>	<u>739</u>	<u>496</u>	<u>12,672</u>
<b>Non-current liabilities:</b>				
Advances from other funds	107	149	1,306	1,562
Claims and judgments	34,180	-	-	34,180
Compensated absences	12	25	97	134
OPEB obligation	121	147	636	904
Net pension liability	924	1,052	5,414	7,390
Total non-current liabilities	<u>35,344</u>	<u>1,373</u>	<u>7,453</u>	<u>44,170</u>
Total liabilities	<u>46,781</u>	<u>2,112</u>	<u>7,949</u>	<u>56,842</u>
<b>Deferred Inflows of Resources</b>				
Pension contributions, changes in assumptions and differences in experience	143	191	1,026	1,360
Total deferred inflows of resources	<u>143</u>	<u>191</u>	<u>1,026</u>	<u>1,360</u>
<b>Net Position</b>				
Net investment in capital assets	133	-	7,501	7,634
Unrestricted	(31,786)	3,787	1,451	(26,548)
Total net position	<u>\$ (31,653)</u>	<u>\$ 3,787</u>	<u>\$ 8,952</u>	<u>\$ (18,914)</u>



**City of Riverside**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2017**  
**(amounts expressed in thousands)**

	<u>Self-Insurance Trust</u>	<u>Central Stores</u>	<u>Central Garage</u>	<u>Totals</u>
Operating revenues:				
Charges for services	\$ 13,600	\$ 1,394	\$ 9,387	\$ 24,381
Operating expenses:				
Personnel services	557	674	3,286	4,517
Contractual services	1,379	-	95	1,474
Maintenance and operation	4	30	2,581	2,615
General	1,366	340	738	2,444
Materials and supplies	2	13	288	303
Claims/Insurance	10,151	6	74	10,231
Depreciation and amortization	45	-	870	915
Total operating expenses	<u>13,504</u>	<u>1,063</u>	<u>7,932</u>	<u>22,499</u>
Operating income (loss)	<u>96</u>	<u>331</u>	<u>1,455</u>	<u>1,882</u>
Non-operating revenues (expenses):				
Interest income	18	-	58	76
Other	5	-	-	5
Gain (loss) on retirement of capital assets	-	-	29	29
Interest expense and fiscal charges	(9)	(9)	(51)	(69)
Total non-operating revenue (expenses)	<u>14</u>	<u>(9)</u>	<u>36</u>	<u>41</u>
Change in net position	110	322	1,491	1,923
Net position - beginning	(31,763)	3,465	7,461	(20,837)
Net position - ending	<u>\$ (31,653)</u>	<u>\$ 3,787</u>	<u>\$ 8,952</u>	<u>\$ (18,914)</u>

City of Riverside  
Combining Statement of Cash Flows  
Internal Service Funds  
For the fiscal year ended June 30, 2017  
(amounts expressed in thousands)

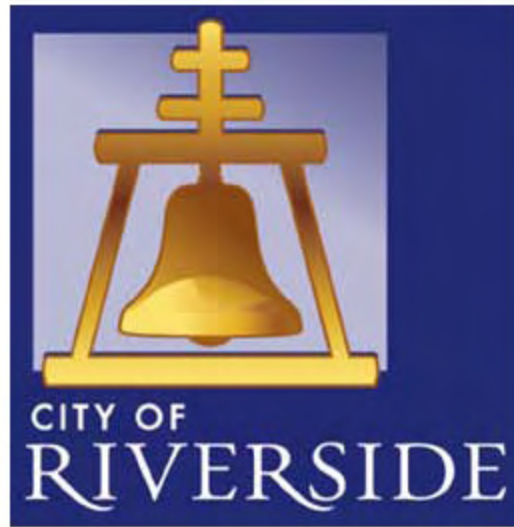
	Self-Insurance Trust	Central Stores	Central Garage	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 13,605	\$ 1,394	\$ 8,819	\$ 23,818
Cash paid to employees for services	1,128	(659)	(3,274)	(2,805)
Cash paid to other suppliers of goods or services	(13,108)	(348)	(3,921)	(17,377)
Other receipts	5	-	-	5
Net cash provided by operating activities	<u>1,630</u>	<u>387</u>	<u>1,624</u>	<u>3,641</u>
Cash flows from noncapital financing activities:				
Receipts on interfund advances	4,698	-	696	5,394
Payments on interfund advances	(75)	(378)	(568)	(1,021)
Net cash (used) provided by noncapital financing activities	<u>4,623</u>	<u>(378)</u>	<u>128</u>	<u>4,373</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	-	-	(1,493)	(1,493)
Proceeds from the sale of capital assets	-	-	29	29
Interest paid on long-term obligation	(9)	(9)	(51)	(69)
Net cash (used) for capital and related financing activities	<u>(9)</u>	<u>(9)</u>	<u>(1,515)</u>	<u>(1,533)</u>
Cash flows from investing activities:				
Sale and (purchase) of investments	(5)	-	(5)	(10)
Interest from investments	18	-	58	76
Net cash provided by investing activities	<u>13</u>	<u>-</u>	<u>53</u>	<u>66</u>
Net change in cash and cash equivalents	6,257	-	290	6,547
Cash and cash equivalents, beginning	<u>7,643</u>	<u>-</u>	<u>4,331</u>	<u>11,974</u>
Cash and cash equivalents, ending	<u>\$ 13,900</u>	<u>\$ -</u>	<u>\$ 4,621</u>	<u>\$ 18,521</u>

Continued

City of Riverside  
 Combining Statement of Cash Flows  
 Internal Service Funds  
 For the fiscal year ended June 30, 2017  
 (amounts expressed in thousands)

Continued

	Self-Insurance Trust	Central Stores	Central Garage	Total
Reconciliation of operating income (loss) to net cash (used) provided by operating activities:				
Operating income (loss)	\$ 96	\$ 331	\$ 1,455	\$ 1,882
Other nonoperating items	5	-	-	5
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities:				
Depreciation and amortization	45	-	870	915
Changes in assets, liabilities and deferred inflows/outflows of resources:				
Accounts receivable	-	-	(2)	(2)
Intergovernmental receivable	5	-	(566)	(561)
Inventory	-	(33)	(53)	(86)
Accounts payable	(206)	74	(92)	(224)
Other payables	12	18	25	55
Claims and judgments	1,676	-	-	1,676
Net pension liability and related charges in deferred outflows and inflows of resources	(3)	(3)	(13)	(19)
Net cash (used) provided by operating activities	<u>\$ 1,630</u>	<u>\$ 387</u>	<u>\$ 1,624</u>	<u>\$ 3,641</u>

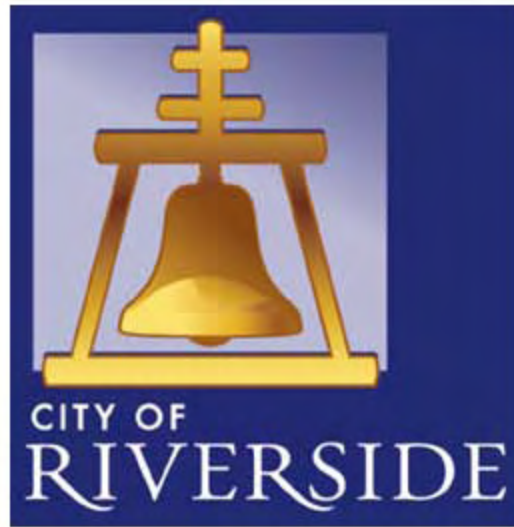


## **Agency Fund**

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, 2017**  
**(amounts expressed in thousands)**

	<b>Balance</b>				<b>Balance</b>
	<b>July 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>		<b>June 30, 2017</b>
<b>Assets</b>					
Cash and investments	\$ 3,085	\$ 3,901	\$ 3,805	\$	3,181
Cash and investments at fiscal agent	5,156	3,924	4,012		5,068
Interest receivable	6	58	56		8
Property taxes receivable	52	36	54		34
Total assets	<u>\$ 8,299</u>	<u>\$ 7,919</u>	<u>\$ 7,927</u>	<u>\$</u>	<u>8,291</u>
<b>Liabilities</b>					
Accounts payable	\$ 35	\$ 66	\$ 101		-
Held for bond holders	8,264	7,853	7,826		8,291
Total liabilities	<u>\$ 8,299</u>	<u>\$ 7,919</u>	<u>\$ 7,927</u>	<u>\$</u>	<u>8,291</u>



**COMBINING GENERAL FUND SCHEDULE WITH  
MEASURE Z FUND ACTIVITY**



City of Riverside  
 Balance Sheet  
 Combining General Fund Schedule  
 June 30, 2017  
 (amounts expressed in thousands)

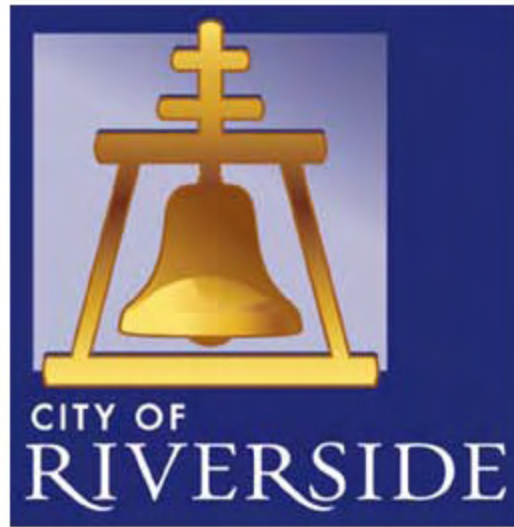
Assets	General Fund	Measure Z Fund	Total General Fund
Cash and investments	\$ 59,347	\$ -	\$ 59,347
Cash and investments at fiscal agent	1,943	-	1,943
Receivables (net of allowance for uncollectibles)			
Interest	22	1	23
Property taxes	4,274	-	4,274
Sales tax	11,196	9,164	20,360
Utility billed	1,210	-	1,210
Accounts	6,525	-	6,525
Intergovernmental	4,050	-	4,050
Notes	1	-	1
Prepaid items	2,599	-	2,599
Deposits	300	-	300
Due from other funds	1,722	-	1,722
Due from Measure Z Fund *	6,519	-	6,519
Advances to other funds	22,715	-	22,715
Advances to Successor Agency Trust Fund	554	-	554
Land & improvements held for resale	175	-	175
Total assets	\$ 123,152	\$ 9,165	\$ 132,317
Liabilities			
Accounts payable	\$ 9,286	\$ 5	\$ 9,291
Accrued payroll	19,072	-	19,072
Retainage payable	1	-	1
Intergovernmental	149	-	149
Unearned revenue	273	-	273
Deposits	7,750	-	7,750
Due to General Fund *	-	6,519	6,519
Total liabilities	36,531	6,524	43,055
Deferred Inflows of Resources			
Unavailable revenue	6,192	-	6,192
Total deferred inflows of resources	6,192	-	6,192
Fund Balances			
Nonspendable:			
Inventories, prepaids and deposits	2,899	-	2,899
Advances	23,269	-	23,269
Restricted for:			
Housing and redevelopment	175	-	175
Debt service	1,884	-	1,884
Other purposes	592	-	592
Assigned to:			
General government	2,387	-	2,387
Public safety	2,357	-	2,357
Highways and streets	1,032	-	1,032
Culture and recreation	728	-	728
Continuing projects	7,977	487	8,464
Unassigned	37,129	2,154	39,283
Total fund balances	80,429	2,641	83,070
Total liabilities, deferred inflows of resources, and fund balances	\$ 123,152	\$ 9,165	\$ 132,317

\* Per accounting standards, Due To/From within the same fund are not reflected in the Balance Sheet; however, they are reflected in this schedule for transparency purposes.

**City of Riverside**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Combining General Fund Schedule**  
**For the fiscal year ended June 30, 2017**  
**(amounts expressed in thousands)**

	<u>General Fund</u>	<u>Measure Z Fund</u>	<u>Total General Fund</u>
<b>Revenues</b>			
Taxes	\$ 162,198	\$ 12,605	\$ 174,803
Licenses and permits	9,815	-	9,815
Intergovernmental	7,318	-	7,318
Charges for services	31,384	-	31,384
Fines and forfeitures	1,975	-	1,975
Special assessments	4,443	-	4,443
Rental and investment income	2,767	1	2,768
Miscellaneous	5,512	-	5,512
Total revenues	<u>225,412</u>	<u>12,606</u>	<u>238,018</u>
<b>Expenditures</b>			
Current:			
General government	16,424	27	16,451
Public safety	162,419	449	162,868
Highways and streets	17,504	-	17,504
Culture and recreation	40,440	-	40,440
Capital outlay	3,361	-	3,361
Debt service:			
Principal	44,225	-	44,225
Interest	5,209	-	5,209
Bond issuance costs	29	-	29
Total expenditures	<u>289,611</u>	<u>476</u>	<u>290,087</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(64,199)</u>	<u>12,130</u>	<u>(52,069)</u>
<b>Other financing sources (uses)</b>			
Transfers in	76,948	-	76,948
Transfers out	(13,497)	-	(13,497)
Transfers in from Measure Z Fund *	9,489	-	9,489
Transfers out to General Fund *	-	(9,489)	(9,489)
Capital lease financings	2,109	-	2,109
Proceeds from the sale of capital assets	4,001	-	4,001
Total other financing sources (uses)	<u>79,050</u>	<u>(9,489)</u>	<u>69,561</u>
Net change in fund balances	<u>14,851</u>	<u>2,641</u>	<u>17,492</u>
Fund balances - beginning	65,578	-	65,578
Fund balances - ending	<u>\$ 80,429</u>	<u>\$ 2,641</u>	<u>\$ 83,070</u>

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



Statistical Section  
(Unaudited)

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>95</b>
<b>Revenue Capacity</b> These schedules contain informat property and sales taxes.	<b>101</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>111</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>117</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>120</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									
	2008	2009	2010	2011	2012 <sup>1</sup>	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	\$ 850,740	\$ 950,496	\$ 976,614	\$ 1,019,892	\$ 1,076,485	\$ 1,083,485	\$ 1,106,384	\$ 1,126,220	\$ 1,123,910	\$ 1,102,409
Restricted	102,677	98,903	108,932	80,820	86,325	80,712	96,587	105,847	106,488	104,853
Unrestricted	(31,429)	(41,861)	(80,947)	(90,159)	23,145	17,989	(2,049)	(406,388)	(389,278)	(362,146)
Total governmental activities net position	<u>\$ 921,988</u>	<u>\$ 1,007,538</u>	<u>\$ 1,004,599</u>	<u>\$ 1,010,553</u>	<u>\$ 1,185,955</u>	<u>\$ 1,182,186</u>	<u>\$ 1,200,922</u>	<u>\$ 825,679</u>	<u>\$ 841,120</u>	<u>\$ 845,116</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 601,999	\$ 659,904	\$ 660,619	\$ 654,974	\$ 666,919	\$ 609,691	\$ 616,844	\$ 626,166	\$ 654,870	\$ 702,844
Restricted	43,341	38,621	59,863	56,397	54,923	69,068	68,507	75,660	85,526	93,570
Unrestricted	225,281	207,405	219,720	256,038	285,062	330,833	359,698	209,469	235,144	245,116
Total business-type activities net position	<u>\$ 870,621</u>	<u>\$ 905,930</u>	<u>\$ 940,202</u>	<u>\$ 967,409</u>	<u>\$ 1,006,904</u>	<u>\$ 1,009,592</u>	<u>\$ 1,045,049</u>	<u>\$ 911,295</u>	<u>\$ 975,540</u>	<u>\$ 1,041,530</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 1,452,739	\$ 1,610,400	\$ 1,637,233	\$ 1,674,866	\$ 1,743,404	\$ 1,693,176	\$ 1,723,228	\$ 1,752,386	\$ 1,778,780	\$ 1,805,253
Restricted	146,018	137,524	168,795	137,217	141,248	149,780	165,094	181,507	192,014	198,423
Unrestricted	193,852	165,544	138,773	165,879	308,207	348,822	357,649	(196,919)	(154,134)	(117,030)
Total primary government net position	<u>\$ 1,792,609</u>	<u>\$ 1,913,468</u>	<u>\$ 1,944,801</u>	<u>\$ 1,977,962</u>	<u>\$ 2,192,859</u>	<u>\$ 2,191,778</u>	<u>\$ 2,245,971</u>	<u>\$ 1,736,974</u>	<u>\$ 1,816,660</u>	<u>\$ 1,886,646</u>

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

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

(in thousands) Page 1 of 2

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 113,897	\$ 71,391	\$ 85,110	\$ 72,606	\$ 48,731	\$ 54,808	\$ 39,331	\$ 26,587	\$ 24,483	\$ 44,510
Public safety	122,783	142,353	137,338	139,364	148,605	147,652	149,555	154,123	161,284	160,665
Highways and streets	26,986	29,700	31,492	32,131	35,342	35,072	36,564	36,563	38,836	38,585
Culture and recreation	31,659	29,423	44,319	50,017	54,594	40,077	42,252	45,594	47,762	49,406
Interest on long-term debt	34,075	34,361	32,049	33,638	25,087	16,627	17,741	17,025	16,387	16,028
Total governmental activities expenses	329,400	307,228	330,308	327,756	312,359	294,236	285,443	279,892	288,752	309,194
Business-type activities:										
Electric	271,412	269,209	256,860	275,922	288,799	292,175	304,416	309,874	307,925	317,335
Water	47,570	53,931	55,402	56,390	56,715	58,768	60,030	62,792	57,769	62,189
Sewer	31,209	34,853	41,248	42,276	43,702	43,945	40,385	35,593	39,978	38,305
Airport	1,418	1,734	2,206	2,320	2,646	2,029	1,662	1,809	1,799	1,998
Refuse	18,430	18,425	20,527	20,046	19,979	20,581	20,831	20,007	21,652	21,953
Transportation	3,190	3,194	3,368	3,493	3,667	3,745	4,067	4,385	4,113	4,221
Public parking	4,093	5,095	4,024	4,401	4,984	5,051	4,610	5,604	5,141	5,448
Total business-type activities expenses	377,322	386,441	383,635	404,848	420,492	426,294	436,001	440,064	438,377	451,449
Total primary government expenses	\$ 706,722	\$ 693,669	\$ 713,943	\$ 732,604	\$ 732,851	\$ 720,530	\$ 721,444	\$ 719,956	\$ 727,129	\$ 760,643
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 23,969	\$ 13,691	\$ 12,933	\$ 14,241	\$ 14,662	\$ 13,338	\$ 13,775	\$ 17,600	\$ 24,944	\$ 27,441
Public safety	9,924	8,414	8,177	8,075	7,837	7,793	7,444	7,256	3,243	1,167
Highways and streets	19,695	14,391	17,847	16,985	16,532	15,825	17,487	13,868	5,709	5,930
Culture and recreation	4,370	3,168	2,367	3,180	4,622	5,237	7,406	16,319	12,458	22,802
Operating grants and contributions	15,024	23,313	32,853	21,127	31,581	21,485	14,341	12,869	16,321	19,374
Capital grants and contributions	115,982	69,745	23,395	38,138	54,476	32,202	48,433	43,904	31,216	7,617
Total governmental activities program revenues	188,964	132,722	97,572	101,746	129,710	95,880	108,886	111,816	93,891	84,331
Business-type activities:										
Charges for services:										
Electric	305,299	314,164	309,910	313,703	333,029	347,933	344,037	347,621	354,530	366,066
Water	49,855	54,923	57,534	62,084	65,206	68,489	68,691	66,051	57,250	62,627
Sewer	22,525	23,247	27,342	32,769	37,747	43,772	46,162	50,336	52,664	59,735
Airport	1,423	1,232	1,315	1,342	1,524	1,396	1,100	1,260	1,549	1,578
Refuse	16,289	18,394	18,712	19,134	19,588	20,829	20,677	21,360	21,806	22,567
Transportation	313	336	328	344	352	344	413	385	377	359
Public parking	3,717	4,332	4,876	5,205	4,803	4,777	4,382	4,609	4,918	5,009
Operating grants and contributions	3,308	1,929	2,487	2,159	2,738	2,718	2,524	3,869	2,322	3,751
Capital grants and contributions	29,215	17,288	6,838	7,337	21,164	11,734	11,486	8,027	18,868	24,151
Total business-type activities program revenues	431,944	435,845	429,342	444,077	486,151	501,992	499,472	503,518	514,284	545,843
Total primary government program revenues	\$ 620,908	\$ 568,567	\$ 526,914	\$ 545,823	\$ 615,861	\$ 597,872	\$ 608,358	\$ 615,334	\$ 608,175	\$ 630,174

(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									
	2008	2009	2010	2011	2012 <sup>1</sup>	2013 <sup>2</sup>	2014	2015	2016	2017
<b>Net Revenues (Expense)</b>										
Governmental activities	\$ (140,436)	\$ (174,506)	\$ (232,736)	\$ (226,010)	\$ (182,649)	\$ (198,356)	\$ (176,557)	\$ (168,076)	\$ (194,861)	\$ (224,863)
Business-type activities	54,622	49,404	45,707	39,229	65,659	75,698	63,471	63,454	75,907	94,394
Total primary government net expense	\$ (85,814)	\$ (125,102)	\$ (187,029)	\$ (186,781)	\$ (116,990)	\$ (122,658)	\$ (113,086)	\$ (104,622)	\$ (118,954)	\$ (130,469)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Sales	\$ 50,526	\$ 41,882	\$ 39,645	\$ 44,157	\$ 47,701	\$ 50,222	\$ 55,096	\$ 59,437	\$ 60,976	\$ 75,883
Property	114,176	116,420	104,087	100,802	74,179	52,904	51,323	54,864	55,545	59,526
Utility users	26,267	25,964	25,975	26,691	27,320	28,206	28,092	28,076	27,828	27,958
Franchise	4,972	5,144	4,477	4,937	4,883	4,959	5,046	5,543	5,730	4,814
Transient occupancy	3,795	2,912	2,488	2,731	2,995	3,703	4,189	5,280	6,093	6,622
Intergovernmental, unrestricted	2,074	4,569	1,339	1,285	351	337	263	3,153	477	145
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	25,670	15,941	8,289	7,439	4,440	2,786	2,759	3,233	729	6,145
Miscellaneous	9,480	5,137	3,344	9,544	9,273	9,208	5,425	12,395	11,708	2,050
Transfers	32,326	42,087	40,153	34,378	40,679	42,262	43,100	42,681	41,216	45,716
Extraordinary items	-	-	-	-	149,617	-	-	-	-	-
Total governmental activities	269,286	260,056	229,797	231,964	361,438	194,587	195,293	214,662	210,302	228,859
Business-type activities:										
Investment income	22,756	23,402	21,271	17,548	11,405	4,744	8,005	5,319	6,888	2,650
Miscellaneous	4,931	4,590	7,447	4,808	3,110	5,767	7,081	7,652	22,666	14,662
Transfers	(32,326)	(42,087)	(40,153)	(34,378)	(40,679)	(42,262)	(43,100)	(42,681)	(41,216)	(45,716)
Extraordinary items	-	-	-	-	-	(41,259)	-	-	-	-
Total business-type activities	(4,639)	(14,095)	(11,435)	(12,022)	(26,164)	(73,010)	(28,014)	(29,710)	(11,662)	(28,404)
Total primary government	264,647	245,961	218,362	219,942	335,274	121,577	167,279	184,952	198,640	200,455
<b>Change in Net Position</b>										
Governmental activities	\$ 128,850	\$ 85,550	\$ (2,939)	\$ 5,954	\$ 178,789	\$ (3,769)	\$ 18,736	\$ 46,586	\$ 15,441	\$ 3,996
Business-type activities	49,983	35,309	34,272	27,207	39,495	2,688	35,457	33,744	64,245	65,990
Total primary government	\$ 178,833	\$ 120,859	\$ 31,333	\$ 33,161	\$ 218,284	\$ (1,081)	\$ 54,193	\$ 80,330	\$ 79,686	\$ 69,986

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

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

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

	2012 <sup>1,2</sup>	2013	2014	2015	2016	2017
General fund						
Nonspendable	\$ 25,720	\$ 26,421	\$ 24,419	\$ 23,642	\$ 23,094	\$ 26,168
Restricted	2,803	2,196	2,204	2,985	3,067	2,651
Assigned	6,380	10,711	14,505	13,965	9,922	14,968
Unassigned	39,347	37,763	37,732	39,059	29,495	39,283
Total general fund	<u>\$ 74,250</u>	<u>\$ 77,091</u>	<u>\$ 78,860</u>	<u>\$ 79,651</u>	<u>\$ 65,578</u>	<u>\$ 83,070</u>
All other governmental funds						
Nonspendable	\$ 1,539	\$ 1,441	\$ 1,460	\$ 1,625	\$ 1,619	\$ 1,601
Restricted for:						
Housing and redevelopment	26,911	26,410	26,223	25,523	24,746	24,098
Debt service	29,080	25,884	26,177	26,203	26,221	6,455
Transportation and public works	31,075	16,487	54,876	36,347	36,876	34,178
Other purposes	1,401	2,003	321	2,326	3,628	4,145
Unassigned	-	-	-	-	-	(24)
Total all other governmental funds	<u>\$ 90,006</u>	<u>\$ 72,225</u>	<u>\$ 109,057</u>	<u>\$ 92,024</u>	<u>\$ 93,090</u>	<u>\$ 70,453</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.

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

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



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

(in thousands) Page 1 of 2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Taxes	\$ 200,438	\$ 192,322	\$ 177,255	\$ 179,318	\$ 156,593	\$ 139,994	\$ 143,748	\$ 153,200	\$ 156,172	\$ 174,803
Licenses and permits	10,027	7,368	6,899	7,657	9,292	10,173	9,244	11,168	11,611	14,455
Intergovernmental	79,423	86,873	60,550	61,082	66,618	50,734	59,348	49,892	51,896	31,440
Charges for services	11,325	9,099	9,570	10,720	11,774	12,062	15,734	24,737	26,443	31,384
Fines and forfeitures	4,573	6,213	7,512	8,928	6,293	6,234	7,283	3,957	1,941	1,976
Special assessments	5,245	5,431	5,464	6,014	6,276	6,669	6,272	6,757	7,039	7,578
Use of money and property	27,970	18,620	11,173	10,173	8,095	3,878	4,315	5,112	4,370	4,718
Miscellaneous	12,796	7,596	7,082	16,605	10,611	14,933	6,957	6,939	12,578	7,252
Total revenues	\$ 351,797	\$ 333,522	\$ 285,505	\$ 300,497	\$ 275,552	\$ 244,677	\$ 252,901	\$ 261,762	\$ 272,050	\$ 273,606
<b>Expenditures:</b>										
General government	\$ 26,177	\$ 25,995	\$ 23,835	\$ 26,090	\$ 18,835	\$ 15,713	\$ 13,558	\$ 17,799	\$ 19,900	\$ 20,650
Public safety	151,773	145,802	138,594	140,994	150,878	150,290	151,721	157,660	164,800	163,712
Highways and streets	25,209	18,452	14,987	14,587	16,651	16,294	16,944	16,594	17,416	17,504
Culture and recreation	30,622	26,859	40,373	44,345	57,538	45,356	34,275	37,527	39,583	40,643
Capital outlay	171,952	180,394	131,908	105,689	75,482	73,581	72,365	60,060	53,208	31,000
Debt Service:										
Principal	11,257	44,349	48,078	89,264	83,378	45,006	45,500	49,101	51,987	72,700
Interest	31,239	33,033	31,267	32,611	24,133	15,116	16,787	17,048	16,451	16,115
Debt issuance costs	697	259	231	174	169	581	843	172	180	29
Payment for advance refunding	-	-	-	-	-	3,521	-	-	-	-
Total expenditures	\$ 448,926	\$ 475,143	\$ 429,273	\$ 453,754	\$ 427,064	\$ 365,458	\$ 351,993	\$ 355,961	\$ 363,525	\$ 362,353
Excess of revenues over (under) expenditures	\$ (97,129)	\$ (141,621)	\$ (143,768)	\$ (153,257)	\$ (151,512)	\$ (120,781)	\$ (99,092)	\$ (94,199)	\$ (91,475)	\$ (88,747)

(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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Other financing sources (uses):</b>										
Transfers in	\$ 62,841	\$ 100,797	\$ 88,303	\$ 214,631	\$ 196,859	\$ 56,572	\$ 58,469	\$ 61,510	\$ 61,384	\$ 94,521
Transfers out	(30,515)	(58,710)	(48,150)	(180,280)	(156,305)	(14,178)	(15,369)	(18,829)	(20,168)	(48,805)
Issuance of long term debt	164,408	30,425	51,821	104,875	34,940	99,753	87,037	30,940	31,145	31,578
Capital lease financings	-	-	3,116	2,000	-	7,203	6,625	4,450	5,846	2,109
Sales of capital assets	8,931	(5,798)	529	(1,629)	156	82	931	(114)	261	4,199
Payments to refunded bond agent	(148,975)	-	-	-	-	(43,591)	-	-	-	-
Total other financing sources (uses)	56,690	66,714	95,619	139,597	75,650	105,841	137,693	77,957	78,468	83,602
<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	\$ (40,439)	\$ (74,907)	\$ (48,149)	\$ (13,660)	\$ (182,842)	\$ (14,940)	\$ 38,601	\$ (16,242)	\$ (13,007)	\$ (5,145)
Debt service as a percentage of noncapital expenditures	16.947%	26.058%	23.211%	32.757%	32.507%	21.039%	21.803%	22.360%	21.714%	26.625%
	(1)	(2)		(3)	(4)					

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

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

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

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

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

(in thousands)

<b>Fiscal Year</b>	<b>Residential Sales</b>	<b>Commercial Sales</b>	<b>Industrial Sales</b>	<b>Wholesale Sales</b>	<b>Other Sales</b>	<b>Transmission Revenue</b>	<b>Other Operating Revenue</b>	<b>Total Revenues</b>
2008	\$ 99,981	\$ 60,768	\$ 92,697	\$ 14,805	\$ 5,425	\$ 19,211	\$ 12,405	\$ 305,292
2009	105,525	65,532	97,100	4,674	5,684	18,673	12,250	309,438
2010	107,301	65,091	97,458	1,466	5,639	21,100	11,855	309,910
2011	107,792	64,039	102,067	124	5,529	22,091	12,061	313,703
2012	110,471	66,047	107,455	50	5,614	30,735	12,657	333,029
2013	118,173	66,632	110,680	638	5,712	32,688	13,410	347,933
2014	111,880	67,063	111,260	115	5,600	32,630	15,489	344,037
2015	114,112	68,572	112,283	60	5,654	30,587	16,353	347,621
2016	116,997	69,759	113,756	3	4,737	32,924	16,354	354,530
2017	117,662	71,456	115,432	9	4,782	35,497	21,779	366,617

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

**(in thousands)**

<b>Fiscal Year</b>	<b>Sales Tax<sup>1</sup></b>	<b>Property Tax<sup>2</sup></b>	<b>Utility Users Tax</b>	<b>Franchise Tax</b>	<b>Transient Occupancy Tax</b>	<b>Total Taxes</b>
2008	\$ 50,526	\$ 114,176	\$ 26,267	\$ 4,972	\$ 3,795	\$ 199,736
2009	41,882	116,420	25,964	5,144	2,912	192,322
2010	39,645	104,087	25,975	4,477	2,488	176,672
2011	44,157	100,802	26,691	4,937	2,731	179,318
2012	47,701	74,179	27,320	4,883	2,995	157,078
2013	50,222	52,904	28,206	4,959	3,703	139,994
2014	55,096	51,323	28,092	5,046	4,189	143,746
2015	59,437	54,864	28,076	5,543	5,280	153,200
2016	60,976	55,545	27,828	5,730	6,093	156,172
2017	75,883	59,526	27,958	4,814	6,622	174,803

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

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

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

(in thousands of dollars)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Apparel Stores	\$ 167,869	\$ 154,899	\$ 152,564	\$ 161,802	\$ 168,352	\$ 175,320	\$ 178,349	\$ 188,670	\$ 203,001	\$ 214,852
General Merchandise	530,900	466,096	435,230	432,303	444,125	450,988	463,355	475,147	477,903	478,538
Food Stores	171,998	172,195	170,151	167,259	169,380	181,719	193,368	209,022	217,902	168,854
Eating and Drinking Places	382,582	383,596	364,291	371,419	395,423	422,153	447,841	483,901	533,317	582,262
Building Materials	549,124	374,161	307,894	292,605	349,398	376,011	454,468	514,993	567,790	636,415
Auto Dealers and Supplies	1,250,136	949,747	786,012	847,986	965,529	1,118,907	1,280,633	1,461,217	1,548,385	1,608,231
Service Stations	417,086	424,252	301,654	350,904	419,497	430,322	418,110	413,128	370,257	338,762
Other Retail Stores	626,737	564,633	487,924	501,071	517,583	535,945	550,157	595,305	633,089	692,375
All Other Outlets	1,227,944	1,104,611	893,809	977,260	1,072,513	1,008,206	1,154,492	1,312,607	1,461,982	1,474,160
<b>Total</b>	<b>\$ 5,324,376</b>	<b>\$ 4,594,190</b>	<b>\$ 3,899,529</b>	<b>\$ 4,102,609</b>	<b>\$ 4,501,800</b>	<b>\$ 4,699,571</b>	<b>\$ 5,140,773</b>	<b>\$ 5,653,990</b>	<b>\$ 6,013,625</b>	<b>\$ 6,194,449</b>

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

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

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

(in thousands)

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

Notes:

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

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

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

Source: Riverside County Auditor-Controller

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

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/2017
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>	0.185	0.259	0.284	0.301	0.332	0.325	0.390	0.377	0.487	0.495
City of Riverside Debt Service	0.006	0.007	0.006	0.006	0.006	0.006	0.007	0.006	0.006	0.006
Metropolitan Water District Original Area	0.005	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004
Riverside City Community College Debt Service	0.013	0.013	0.012	0.015	0.017	0.017	0.018	0.018	0.017	0.016
<b>Total Direct &amp; Overlapping<sup>3</sup> Tax Rates</b>	<b>1.209</b>	<b>1.283</b>	<b>1.307</b>	<b>1.325</b>	<b>1.358</b>	<b>1.352</b>	<b>1.418</b>	<b>1.405</b>	<b>1.514</b>	<b>1.521</b>
<b>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>	0.006	0.007	0.006	0.006	0.006	0.006	0.007	0.006	0.006	0.006
<b>Redevelopment Rate<sup>5,7</sup></b>	1.005	1.004	1.004	1.004	1.004	-	-	-	-	-
<b>Total Direct Rate<sup>6</sup></b>	0.334	0.343	0.350	0.347	0.348	0.348	0.125	0.124	0.124	0.124

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

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

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

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

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

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

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

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

Source: Riverside County Assessor 2006/07 - 2015/16 Tax Rate Table.

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

(in thousands)

Property Owner	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Tyler Mall	\$ 202,716	1	0.8%	\$ 154,056	3	0.6%
Riverside Healthcare System	160,948	2	0.6%	100,062	4	0.4%
Rohr Inc	147,335	3	0.5%	66,894	7	0.3%
State Street Bank and Trust Co	130,757	4	0.5%	81,756	5	0.3%
La Sierra University	127,172	5	0.5%	176,685	1	0.7%
Corona Pointe Apartments	100,004	6	0.4%	-		-
Cole ID	97,085	7	0.3%	-		-
CPT Riverside Plaza LLC	88,099	8	0.3%	-		-
Northrop Drive Apartments	79,399	9	0.3%	-		-
Canyon Springs Marketplace Corp	74,561	10	0.3%	60,269	9	0.3%
BRE Properties	-		-	175,841	2	0.7%
Mission Grove Plaza	-		-	70,457	6	0.3%
Press Enterprise Company	-		-	61,540	8	0.3%
Bottling Group	-		-	59,201	10	0.3%
Totals	<u>\$ 1,208,076</u>		<u>4.5%</u>	<u>\$ 1,006,761</u>		<u>4.2%</u>

Notes:

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

Source: Riverside County Assessor 2016/17 and 2007/08 Combined Tax Rolls



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

(in thousands)

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections To Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
<b>2008</b>	\$ 83,996	\$ 82,345	98.03%	\$ 1,651	\$ 83,996	100.00%
<b>2009</b>	86,251	84,134	97.55%	2,117	86,251	100.00%
<b>2010</b>	77,228	74,491	96.46%	2,737	77,228	100.00%
<b>2011</b>	74,608	72,327	96.94%	2,281	74,608	100.00%
<b>2012</b>	41,020	40,340	98.34%	680	41,020	100.00%
<b>2013</b>	43,333	42,447	97.96%	886	43,333	100.00%
<b>2014</b>	45,138	44,684	98.99%	454	45,138	100.00%
<b>2015</b>	48,846	48,427	99.14%	419	48,846	100.00%
<b>2016</b>	50,023	49,585	99.12%	-	49,585	99.12%
<b>2017</b>	53,655	53,252	99.25%	-	53,252	99.25%

Note:

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

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

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

(in millions of kilowatt-hours)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Type of Customer:</b>										
Residential	734	733	701	666	688	726	700	711	726	730
Commercial	441	433	406	400	413	419	421	428	438	448
Industrial	960	946	906	912	969	1,003	997	995	983	996
Wholesale sales	357	137	44	7	2	14	4	2	-	1
Other	34	33	32	31	31	31	30	31	23	23
<b>Total</b>	<b>2,526</b>	<b>2,282</b>	<b>2,089</b>	<b>2,016</b>	<b>2,103</b>	<b>2,193</b>	<b>2,152</b>	<b>2,167</b>	<b>2,170</b>	<b>2,198</b>
<b>Total direct rate</b>										
Monthly Base Rate <sup>1</sup>	11.35	13.06	18.06	18.06	18.06	18.06	18.06	18.06	18.06	18.06

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

Source: Riverside Public Utilities, Finance Services

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

<b>Fiscal Year Ended June 30</b>	<b><u>Residential</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Other</u></b>
<b>2008</b>	0.13613	0.13781	0.09658	0.16099
<b>2009</b>	0.14389	0.15122	0.10271	0.17169
<b>2010</b>	0.15307	0.16014	0.10756	0.17876
<b>2011</b>	0.16173	0.16001	0.11194	0.18089
<b>2012</b>	0.16068	0.15991	0.11088	0.17938
<b>2013</b>	0.16274	0.15913	0.11030	0.18375
<b>2014</b>	0.15995	0.15936	0.11156	0.18513
<b>2015</b>	0.16050	0.16022	0.11282	0.18291
<b>2016*</b>	0.16119	0.15915	0.11577	0.20908
<b>2017</b>	0.16116	0.15958	0.11586	0.21287

Source: Riverside Public Utilities, Finance Services

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

Electricity Customer	2017			2008		
	Electricity Charges	Rank	Percent of Total Electric Revenues	Electricity Charges	Rank	Percent of Total Electric Revenues
Local University	\$13,046,213	1	4.22%	\$6,903,554	2	2.67%
Local Government	8,481,340	2	2.74%	7,328,364	1	2.83%
Local Government	7,737,210	3	2.50%	6,081,471	3	2.35%
Local School District	4,468,962	4	1.44%	4,299,987	4	1.66%
Corporation	4,179,049	5	1.35%	2,945,052	5	1.14%
Corporation	3,471,863	6	1.12%	2,346,808	6	0.91%
Corporation	3,069,783	7	0.99%	2,121,432	7	0.82%
Hospital	2,711,869	8	0.88%	-		-
Local University	2,492,966	9	0.81%	-		-
Local School District	2,088,299	10	0.68%	-		-
Corporation	-		-	1,828,885	7	0.71%
Corporation	-		-	1,726,147	9	0.67%
Hospital	-		-	1,684,620	10	0.65%
	<u>\$51,747,554</u>		<u>16.73%</u>	<u>\$37,266,320</u>		<u>14.400%</u>

Retail Sales Per Financial Statements \$309,331,849

\$ 258,871,586

N/A - not available

Source: Riverside Public Utilities, Finance Services

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

(in thousands)

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Redevelopment Bonds	Revenue Bonds	Pension Obligation Bonds	Certificates of Participation	Capital Leases	Notes/Loans Payable
2008	18,774	292,244	-	142,170	200,273	9,391	9,040
2009	18,171	285,743	-	139,410	198,268	7,455	8,749
2010	17,533	278,867	-	136,050	211,212	6,303	9,291
2011	16,845	305,195	-	132,095	207,246	6,670	8,849
2012	16,107	-	-	127,480	202,703	5,220	4,000
2013	15,314	-	43,762	122,005	158,697	8,424	28,652
2014	14,460	-	42,344	115,775	191,446	13,168	47,611
2015	13,546	-	40,891	108,725	187,212	14,966	45,574
2016	12,567	-	39,398	101,000	181,429	12,006	43,482
2017	11,513	-	37,854	92,592	156,516	17,193	41,325

Fiscal Year	Business-Type Activities					
	Revenue Bonds	Notes/Loans Payable	Capital Leases	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
2008	720,749	8,569	211	1,401,421	21.51%	4.80
2009	670,512	7,915	2,574	1,342,931	20.15%	4.54
2010	968,393	7,249	2,151	1,637,049	24.83%	5.44
2011	1,071,554	76,747	1,720	1,826,921	27.58%	6.01
2012	1,063,853	73,821	1,332	1,494,516	21.94%	4.84
2013	1,031,839	70,798	2,558	1,482,049	21.41%	4.75
2014	1,094,290	36,030	2,266	1,557,390	22.54%	4.96
2015	1,239,634	37,225	1,720	1,689,493	24.64%	5.38
2016	1,208,851	37,793	4,694	1,641,220	23.93%	5.22
2017	1,180,345	35,255	6,209	1,578,802	22.11%	4.83

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

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

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

(in thousands, except per capita amount)

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Pension Bonds</b>	<b>Certificates of Participation</b>	<b>Tax Allocation Bonds</b>	<b>Total</b>	<b>Percent of Assessed Value <sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
2008	18,774	142,170	200,273	292,244	653,461	3.64%	2,239
2009	18,171	139,410	198,268	285,743	641,592	3.52%	2,167
2010	17,533	136,050	211,212	278,867	643,662	3.82%	2,140
2011	16,845	132,095	207,246	305,195	661,381	4.03%	2,175
2012	16,107	127,480	202,703	-	346,290	2.12%	1,122
2013	15,314	122,005	158,697	-	296,016	1.80%	949
2014	14,460	115,775	191,446	-	321,681	1.91%	1,024
2015	13,546	108,725	187,212	-	309,483	1.73%	985
2016	12,567	101,000	181,429	-	294,996	1.65%	909
2017	11,513	92,592	156,516	-	260,621	1.36%	798

Notes:

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

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

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

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

**Table 17**  
**City of Riverside**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2017**

2016-17 Assessed Valuation:	\$ 25,457,848,060
Less Dissolved Redevelopment Agency Incremental Valuation:	<u>6,955,334,879</u>
Adjusted Assessed Valuation:	<u>\$ 18,502,513,181</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	\$ 749,050	1.045%	\$ 782,757
Riverside County Flood Control and Water Conservation District Zone No. 4	18,729,995	2.127	\$ 398,387
Riverside City Community College District	262,164,714	28.966	75,938,631
Alvord Unified School District	217,965,523	71.518	155,884,583
Riverside Unified School District	129,220,000	86.409	111,657,710
Corona-Norco Unified School District	330,200,000	0.001	3,302
Jurupa Unified School District	131,766,667	0.003	3,953
Moreno Valley Unified School District	123,193,517	10.118	12,464,720
Alvord Unified School District Community District No.2006-1	7,777,248	82.333	6,403,242
Riverside Unified School District Community Facilities Districts	72,745,000	89.479-100.	72,626,108
City of Riverside Community Facilities Districts	14,255,000	100.	14,255,000
City of Riverside 1915 Act Bonds	23,215,000	100.	<u>23,215,000</u>
Total overlapping debt repaid with property taxes			<u>\$ 473,633,393</u>

(continued)

**Table 17**  
**City of Riverside**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2017**

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

Riverside County General Fund Obligations	\$ 864,838,109	10.790%	\$ 93,316,032
Riverside County Pension Obligations	286,535,000	10.790	30,917,127
Riverside County Board of Education Certificates of Participation	-	10.799	-
Alvord Unified School District Certificates of Participation	-	71.046	-
Corona-Norco Unified School District Certificates of Participation	25,600,000	0.001	256
Jurupa Unified School District Certificates of Participation	42,966,667	0.003	1,289
Moreno Valley Unified School District Certificates of Participation	10,784,997	10.118	1,091,226
Riverside Unified School District General Fund Obligations	18,788,785	86.409	16,235,201
Total other overlapping debt			141,561,131
Less: Riverside County supported obligations			599,374
			<u>140,961,757</u>
Overlapping tax Increment debt			<u>228,427,799</u>
Total overlapping debt			843,022,949
City direct debt			<u>356,993,000</u>
Combined total direct and overlapping debt			<u><u>\$ 1,200,015,949</u></u>

(1) Debt balances are as of March 1, 2017 (most recent available) for other agency debt, and June 30, 2017 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 2016-17 Assessed Valuation:

Total debt repaid with property taxes.....	1.86%
City direct debt (\$356,993,000).....	1.40%
Combined total direct and overlapping debt.....	4.71%

Ratios to Dissolved Redevelopment Incremental Valuation (\$6,955,334,879):

Total overlapping tax Increment debt.....	3.28%
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Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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



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

(in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed valuation	\$17,950,082	\$18,243,019	\$ 16,840,575	\$ 16,396,996	\$ 16,342,830	\$ 16,415,712	\$ 16,851,786	\$ 17,867,012	\$ 18,502,513	\$ 19,209,528
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	4,487,521	4,560,755	4,210,144	4,099,249	4,085,708	4,103,928	4,212,947	4,466,753	4,625,628	4,802,382
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	673,128	684,113	631,522	614,887	612,856	615,589	631,942	670,013	693,844	720,357
Total net debt applicable to limit:	18,774	18,171	17,533	16,845	16,107	15,314	14,460	13,546	12,567	11,513
Legal debt margin	654,354	665,942	613,989	598,042	596,749	600,275	617,482	656,467	681,277	708,844
Total net debt applicable to the limit as a percentage of debt limit	2.8%	2.7%	2.8%	2.7%	2.6%	2.5%	2.3%	2.0%	1.8%	1.6%

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

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

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

(in thousands)

Fiscal Year	Electric Revenue Bonds						Water Revenue Bonds					
	Pledged Revenue <sup>1</sup>	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage	Pledged Revenue <sup>1</sup>	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2008	314,733	219,680	95,053	19,460	16,790	2.62	67,312	33,827	33,485	4,355	4,275	3.88
2009	320,447	202,904	117,543	20,572	24,941	2.58	60,886	35,639	25,247	4,473	6,728	2.25
2010	320,560	199,040	121,520	21,574	22,572	2.75	61,985	35,953	26,032	4,533	8,008	2.08
2011	319,177	212,878	106,299	23,029	25,087	2.21	84,328	35,220	49,108	4,799	9,263	3.49
2012	340,098	221,876	118,222	25,174	27,630	2.24	73,557	35,309	38,248	4,708	8,872	2.82
2013	348,187	226,997	121,190	18,486	25,941	2.73	72,700	35,940	36,760	5,395	8,700	2.61
2014	347,541	241,136	106,405	21,632	27,575	2.16	71,317	37,698	33,619	4,574	8,536	2.56
2015	348,244	247,984	100,260	15,485	26,532	2.39	66,010	35,785	30,225	5,258	8,342	2.22
2016	371,029	244,571	126,458	16,460	25,780	2.99	60,047	33,802	26,245	5,533	8,063	1.93
2017	368,956	251,750	117,206	14,032	25,553	2.96	65,689	37,871	27,818	5,486	8,124	2.04

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

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

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

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

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

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<b>Calendar Year</b>	<b>Population <sup>1</sup></b>	<b>Personal Income <sup>2</sup> (in thousands)</b>	<b>Per Capita Personal Income <sup>2</sup></b>	<b>Unemployment Rate <sup>3</sup></b>
2007	291,814	6,514,489	22,324	6.1
2008	296,038	6,665,142	22,514	8.6
2009	300,769	6,592,294	21,918	13.7
2010	304,051	6,623,143	21,783	14.8
2011	308,511	6,811,923	22,080	13.7
2012	311,955	6,923,217	22,193	9.7
2013	314,034	6,909,376	22,002	8.4
2014	314,221	6,857,559	21,824	7.9
2015	324,696	6,953,323	21,414	6.4
2016	326,792	7,139,080	21,845	5.8

Sources:

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

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

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

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
County of Riverside	11,865	1	8.1%			
University of California	8,686	2	6.0%	7,127	1	4.6%
Riverside Unified School District	4,000	3	2.7%	4,200	2	2.7%
Kaiser	3,484	4	2.4%	3,900	3	2.5%
City of Riverside	2,429	5	1.7%	2,749	4	1.8%
California Baptist University	2,285	6	1.6%			
Riverside Community Hospital	2,200	7	1.5%	1,600	8	1.0%
Alvord Unified School District	1,800	8	1.2%	2,000	5	1.3%
UTC Aerospace Systems	1,200	9	0.8%			
Parkview Community Hospital	897	10	0.6%	915	9	0.6%
Riverside Community College District				2,000	6	1.3%
Fleetwood Enterprises				1,963	7	1.3%
Riverside Medical Clinic				750	10	0.5%
Total	<u>38,846</u>		<u>26.6%</u>	<u>27,204</u>		<u>17.5%</u>

Source: City of Riverside, Finance Department

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

<b>Function</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014<sup>2</sup></b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General government	436.35	439.10	433.40	431.40	440.40	413.90	356.25	361.25	394.24	417.55
Public safety (sworn and non-sworn personnel)										
Police <sup>1</sup>	637.33	591.93	589.93	589.93	599.93	596.75	551.75	553.75	554.75	512.00
Fire	254.21	254.21	255.46	255.46	255.46	255.46	255.00	255.00	251.00	239.00
Highways and streets	318.35	369.65	349.50	348.11	357.11	362.11	333.48	308.00	308.00	272.00
Sanitation	64.29	58.60	59.00	56.00	56.00	57.00	59.00	57.00	59.00	59.00
Culture and recreation	339.52	340.71	328.07	328.07	341.22	351.48	269.98	274.45	286.75	276.23
Airport	7.00	7.00	7.00	9.50	9.50	9.50	6.00	6.00	6.00	7.00
Water	167.00	167.00	177.65	180.15	181.15	181.15	182.15	181.15	181.15	174.15
Electric	404.60	408.10	419.45	448.50	452.50	459.50	462.50	464.50	466.50	471.75
<b>Total</b>	<b>2,628.65</b>	<b>2,636.30</b>	<b>2,619.46</b>	<b>2,647.12</b>	<b>2,693.27</b>	<b>2,686.85</b>	<b>2,476.11</b>	<b>2,461.10</b>	<b>2,507.39</b>	<b>2,428.68</b>

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

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

Source: City of Riverside, Finance Department

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

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Police										
Arrests	9,367	10,150	8,690	8,118	7,736	8,362	9,321	10,310	9,242	8,358
Fire										
Number of calls answered	27,429	26,397	26,484	27,322	27,637	29,988	30,668	32,943	35,905	36,150
Inspections	10,812	7,638	7,234	6,505	10,074	10,151	12,476	8,770	6,636	6,482
Public works:										
Street resurfacing (miles)	26.27	18.90	20.00	21.25	18.43	16.50	35.38	38.75	39.01	27.09
Parks and recreation										
Number of recreation classes	22,146	21,884	27,762	37,303	43,318	41,364	45,707	43,007	53,907	53,308
Number of facility rentals	35,076	36,822	34,565	42,638	43,288	43,358	46,432	44,363	47,772	48,097
Water										
Number of accounts	63,494	64,062	64,231	64,349	64,367	64,591	64,829	65,102	65,094	65,428
Annual consumption (ccf)	30,583,266	29,721,236	26,687,271	25,902,439	27,062,142	28,186,178	28,887,304	26,007,490	22,529,463	25,340,729
Electric										
Number of accounts	106,015	106,385	106,335	106,855	107,321	107,525	108,358	108,388	108,776	109,274
Annual consumption (kwh)	2,526	2,282	2,089	2,016	2,103	2,193	2,152	2,167	2,170	2,197
Sewer:										
New connections	16,412	18,765	16,971	17,746	18,166	17,607	17,274	17,553	17,669	17,654
Average daily sewage treatment (millions of gallons)	32.10	33.00	33.29	30.06	29.84	29.57	28.49	27.15	26.35	27.19

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

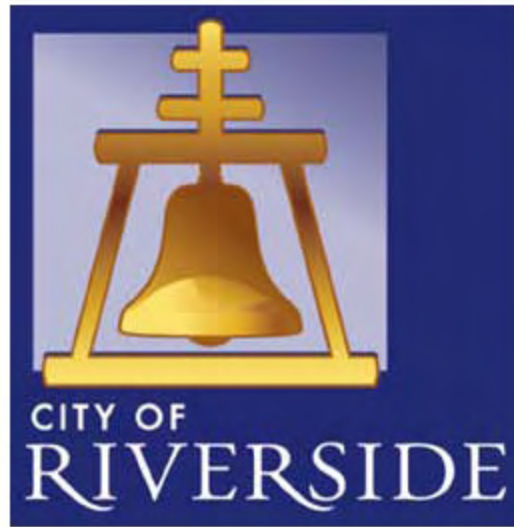
N/A - not available

Source: City of Riverside, various departments

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

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police										
Stations	3	3	3	3	3	3	3	3	3	3
Substations	4	5	4	4	4	4	4	4	4	5
Helicopters	4	4	4	4	4	4	3	3	3	3
Fire										
Stations	14	14	14	14	14	14	14	14	14	14
Active apparatus	30	30	30	26	27	28	28	31	33	32
Reserve apparatus	6	7	7	9	9	11	11	8	9	9
Training facilities	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	864.68	866.89	867.96	868.39	868.70	868.89	871.19	872.16	872.22	872.01
Streetlights	29,312	29,675	29,757	29,868	29,933	29,949	29,968	29,986	30,427	30,467
Signalized intersections	363	365	362	362	365	365	367	386	381	382
Culture and recreation										
Parks acreage	2,773.00	2,773.00	2,773.00	2,811.00	2,811.00	2,891.00	2,911.80	2,926.80	2,983.00	2,983.00
Community centers	11	11	11	11	11	11	11	11	11	11
Playgrounds	38	41	41	41	41	43	44	44	46	46
Swimming pools	7	7	7	7	7	7	7	7	7	7
Softball & baseball diamonds	44	44	44	49	51	54	54	54	54	54
Library branches	6	7	7	8	8	8	8	8	8	8
Museum exhibit-fixed	8	6	5	8	5	3	3	4	5	5
Museum exhibit-special	5	2	2	2	1	4	4	5	6	6
Water										
Fire hydrants	7,381	7,523	7,593	7,632	7,682	7,726	7,754	7,758	7,908	7,952
Sewer										
Sanitary sewers (miles)	794	794	820	823	829	829	829	820	829	827
Electric										
Miles of overhead distribution system	523.5	522.0	519.0	517.0	515.0	513.0	513.0	513.0	513.0	513.0
Miles of underground system	741.6	769.0	782.0	791.0	804.0	810.0	814.0	815.0	817.0	826.0

Source: City of Riverside, various departments







*City of Arts & Innovation*

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