

COMPREHENSIVE Annual Financial Report

— Year Ended June 30, 2016 —

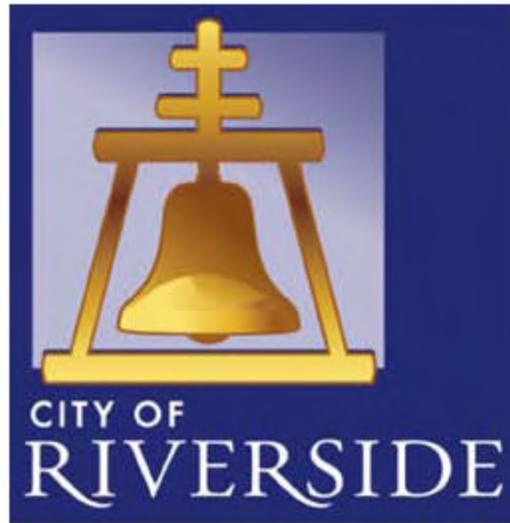


**CITY OF RIVERSIDE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**Prepared by the Finance Department
Scott G. Miller, Chief Financial Officer/Treasurer**

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**CITY OF RIVERSIDE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Letter of Transmittal.....	i
GFOA Certificate of Achievement.....	vi
Legislative and City Officials.....	vii
Organization Chart.....	vii
FINANCIAL SECTION	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	21
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Position.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	25
Statement of Net Position – Proprietary Funds.....	26
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	28
Statement of Cash Flows – Proprietary Funds.....	29
Statement of Net Position/(Deficit) Fiduciary Funds.....	31
Statement of Changes in Net Position/(Deficit) Fiduciary Fund – Private-Purpose Trust.....	32
Notes to Basic Financial Statements.....	33
Required Supplementary Information (Unaudited).....	66
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	73
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds.....	75
Combining Statement of Net Position – Nonmajor Enterprise Funds.....	79
Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Enterprise Funds.....	81

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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TABLE OF CONTENTS

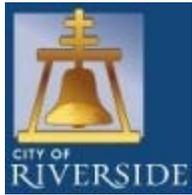
FINANCIAL SECTION (CONT.)

Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	82
Combining Statement of Net Position – Internal Service Funds.....	85
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds.....	86
Combining Statement of Cash Flows – Internal Service Funds.....	87
Combining Statement of Changes in Assets and Liabilities – Agency Fund.....	90
Capital Assets Used in the Operation of Governmental Funds: Schedule by Source.....	92

STATISTICAL SECTION

Table

1	Net Position by Component – Last Ten Fiscal Years.....	94
2	Changes in Net Position – Last Ten Fiscal Years.....	95
3	Fund Balances of Governmental Funds – Last Five Fiscal Years.....	97
4	Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	98
5	Business-Type Activities Electricity Revenues By Source – Last Ten Fiscal Years.....	100
6	Governmental Activities Tax Revenues By Source – Last Ten Fiscal Years.....	101
7	Taxable Sales by Category – Last Ten Calendar Years.....	102
8	Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	103
9	Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years.....	104
10	Principal Property Taxpayers – Current Year and Nine Years Ago.....	105
11	Property Tax Levies and Collections – Last Ten Fiscal Years.....	106
12	Electricity Sold by Type of Customer – Last Ten Fiscal Years.....	107
13	Electricity Rates – Last Ten Fiscal Years.....	108
14	Top 10 Electricity Customers – Current Year and Nine Years Ago.....	109
15	Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	110
16	Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	111
17	Direct and Overlapping Governmental Activities Debt.....	112
18	Legal Debt Margin Information – Last Ten Fiscal Years.....	114
19	Pledged-Revenue Coverage Business Type Activity Debt – Last Ten Fiscal Years.....	115
20	Demographic and Economic Statistics – Last Ten Calendar Years.....	116
21	Principal Employers – Current Year and Nine Years Ago.....	117
22	Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years.....	118
23	Operating Indicators by Function – Last Ten Fiscal Years.....	119
24	Capital Asset Statistics by Function – Last Ten Fiscal Years.....	120



November 9, 2016

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, 2016.

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, 2016. 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. 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 the Inland Empire, which consists of Riverside and San Bernardino Counties (the "MSA"). The population of the Inland Empire at approximately 4.2 million is larger than 24 states. The City leads the Inland Empire in most measures of economic power, including population, income, employment, bank deposits, assessed valuation, office space and college enrollment. The population of the City is 324,696 which places it as the 7th largest in Southern California.

Unemployment in the MSA is currently at 6.6% up from 6.5% 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**

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 2016-2017 and 2017-2018 Budget Cycle, the City's first two-year budget and 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 the five-year plan 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 in June 2016 on the General Fund Reserves through June 30, 2021.

Additionally, the City Council received the first comprehensive Five-Year Capital Improvement Program (CIP) document. 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 fiscal year (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. In the next five years, \$50.6 million has been programmed for Transportation and Railroad-Related projects; \$4.8 million for Municipal Buildings and Facilities, such as library, police, and fire facilities; \$4.6 million for Parks, Recreation, and Community Services projects; and \$288 Million for upgrades to and expansion of the City's electric, water, sewer, and storm drain infrastructure.

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.

Financial policies. 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, and Electric Fund reserve policy; the City is in the process of adopting a Sewer Fund reserve policy. The policy establishes minimum required reserve balances for each of those funds. In the General Fund policy, there are two reserve categories with a goal to bring reserves to a total of 20% level by FY 2019-20. An Emergency reserve has been established equal to 10% of the General Fund expenditure budget and a Contingency reserve equal to 5% of the General Fund budget.

Emergency Reserve

The Emergency Reserve is established for the purpose of addressing any extremely unusual and infrequent occurrences, such as a major natural disaster or a major unforeseen settlement. Utilization of the emergency reserve requires declaration of an emergency by a two-thirds majority of the City Council, and specification of the maximum dollar amount to be used. In the event that the Emergency Reserve is accessed, staff must present a plan to the City Council following the termination of the emergency to return the Emergency Reserve to the 10% minimum level with an aspirational goal of 15% by FY 2019-20. The proposed timeline for restoring the reserve level must not exceed three years.

Contingency Reserve

The Contingency Reserve is established for the purpose of providing a "bridge" to facilitate a measured and thoughtful reduction in expenditures during times of economic downturn, rather than making immediate and drastic budget cuts without the time for proper evaluation. Utilization of the economic contingency reserve, including specification of the maximum dollar amount to be used, requires approval by a two-thirds majority of the City Council. Once utilization of the Economic Contingency Reserve has been terminated,

staff must present a plan to the City Council to return the Economic Contingency Reserve to the 5% minimum level over no more than a three year period.

Surplus Reserves

While it is anticipated that ongoing needs of the City will prevent the General Fund Reserve balance from greatly exceeding the total 15% (or 20%) requirement of the Emergency Reserve and Contingency Reserve, it is likely that excess funds will be on hand from time to time. These funds are termed Surplus Reserves in the policy. If at any time the Surplus Reserves exceed 10% of the general fund expenditure budget during a fiscal year (for a total of a 25% General Fund Reserve balance), staff must present a plan to the City Council with options for appropriate uses for the excess funds to bring the General Fund Reserve balance to the 25% level or below. These uses could include deferred capital projects, vehicle or equipment purchases, or other expenditures of a one-time nature.

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, 2015. This was the twenty-seventh 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, 2015. 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. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Scott G. Miller, PhD.
Chief Financial Officer/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, 2015



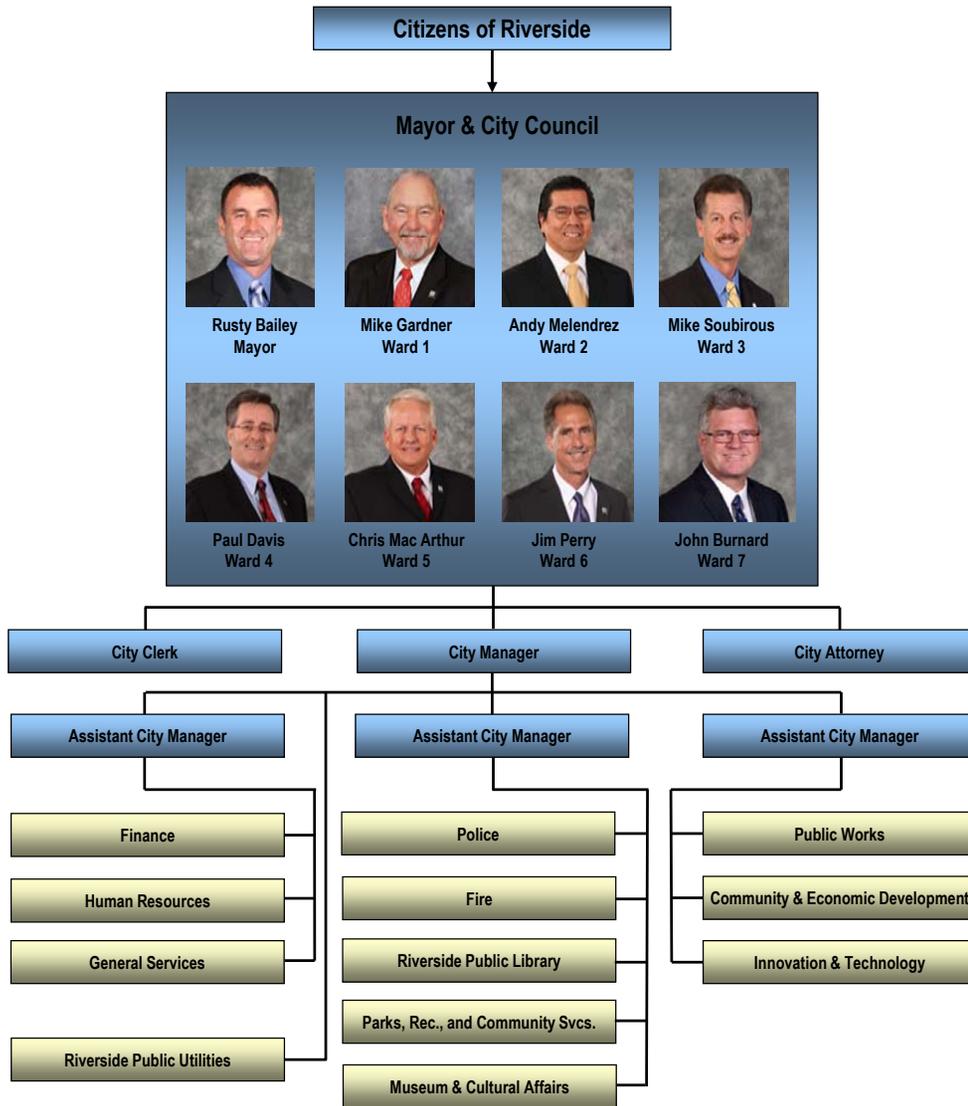
Executive Director/CEO

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, 2015.

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

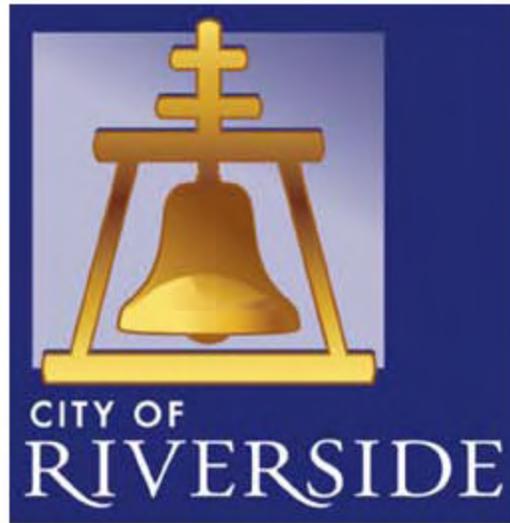
Rusty Bailey Mayor
 Mike Gardner Councilmember – Ward 1
 Andy Melendrez Councilmember – Ward 2
 Mike Soubirous Councilmember – Ward 3
 Paul Davis Councilmember – Ward 4
 Chris Mac Arthur Councilmember – Ward 5
 Jim Perry Councilmember – Ward 6
 John Burnard Councilmember – Ward 7

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
 Scott G. Miller Chief Financial Officer/Treasurer
 Michael Moore Fire Chief
 Kris Martinez Public Works Director
 Pia Rose Interim Human Resources Director
 Tonya Kennon Library Director
 Sarah Mundy Museum & Cultural Affairs Director
 Adolfo Cruz Parks, Recreation & Community Svcs. Director
 Girish Balachandran General Manager - Public Utilities
 Carl Carey General Services Director

*Appointed by City Council





Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Riverside, California (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, 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 November 9, 2016 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 É O'Connell LLP

Newport Beach, California
November 9, 2016

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, 2016. 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 71-74 in this report.

The City adopted an annual appropriated budget for its General Fund for the Year ended June 30, 2016. 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 273,925	\$ 292,043	\$ 736,950	\$ 809,052	\$ 1,010,875	\$ 1,101,095
Capital assets, net	1,377,609	1,379,913	1,778,027	1,666,927	3,155,636	3,046,840
Total assets	<u>1,651,534</u>	<u>1,671,956</u>	<u>2,514,977</u>	<u>2,475,979</u>	<u>4,166,511</u>	<u>4,147,935</u>
Deferred Outflows of Resources	<u>131,318</u>	<u>66,351</u>	<u>98,835</u>	<u>62,584</u>	<u>230,153</u>	<u>128,935</u>
Current liabilities	76,188	66,211	162,967	153,836	239,155	220,047
Long-term liabilities	772,609	767,003	1,416,469	1,432,349	2,189,078	2,199,352
Total liabilities	<u>848,797</u>	<u>833,214</u>	<u>1,579,436</u>	<u>1,586,185</u>	<u>2,428,233</u>	<u>2,419,399</u>
Deferred Inflows of Resources	<u>92,935</u>	<u>79,414</u>	<u>58,836</u>	<u>41,083</u>	<u>151,771</u>	<u>120,497</u>
Net position:						
Net investment in capital assets	1,123,910	1,126,220	654,870	626,166	1,778,780	1,752,386
Restricted	106,488	105,847	85,526	75,660	192,014	181,507
Unrestricted	(389,278)	(406,388)	235,144	209,469	(154,134)	(196,919)
Total net position	<u>\$ 841,120</u>	<u>\$ 825,679</u>	<u>\$ 975,540</u>	<u>\$ 911,295</u>	<u>\$ 1,816,660</u>	<u>\$ 1,736,974</u>

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,816,660 at June 30, 2016, an increase of \$79,686 from June 30, 2015.

By far the largest portion of the City's net position of 98% 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, \$235,144 is held by the business-type activities and \$(389,278) net deficit is held by the governmental activities.

Unrestricted net position in the amount of \$(154,134), a decrease of 22% 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 \$15,441 to \$841,120 for the year ended June 30, 2016, accounting for 19% 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, 2016 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charge for services	\$ 46,354	\$ 55,043	\$ 493,094	\$ 491,622	\$ 539,448	\$ 546,665
Operating Grants and Contributions	16,321	12,869	2,322	3,869	18,643	16,738
Capital Grants and Contributions	31,216	43,904	18,868	8,027	50,084	51,931
General Revenues:						
Sales taxes	60,976	59,437	-	-	60,976	59,437
Property taxes	55,545	54,864	-	-	55,545	54,864
Other taxes and fees	39,651	38,899	-	-	39,651	38,899
Investment income	729	3,233	6,888	5,319	7,617	8,552
Other	12,185	15,548	22,666	7,652	34,851	23,200
Total Revenues	<u>262,977</u>	<u>283,797</u>	<u>543,838</u>	<u>516,489</u>	<u>806,815</u>	<u>800,286</u>
Expenses:						
General government	24,483	26,587	-	-	24,483	26,587
Public safety	161,284	154,123	-	-	161,284	154,123
Highways and streets	38,836	36,563	-	-	38,836	36,563
Culture and recreation	47,762	45,594	-	-	47,762	45,594
Interest on long-term debt	16,387	17,025	-	-	16,387	17,025
Electric	-	-	307,925	309,874	307,925	309,874
Water	-	-	57,769	62,792	57,769	62,792
Sewer	-	-	39,978	35,593	39,978	35,593
Airport	-	-	1,799	1,809	1,799	1,809
Refuse	-	-	21,652	20,007	21,652	20,007
Transportation	-	-	4,113	4,385	4,113	4,385
Public parking	-	-	5,141	5,604	5,141	5,604
Total expenses	<u>288,752</u>	<u>279,892</u>	<u>438,377</u>	<u>440,064</u>	<u>727,129</u>	<u>719,956</u>
Increase (decrease) in net position	(25,775)	3,905	105,461	76,425	79,686	80,330
Transfers, net	41,216	42,681	(41,216)	(42,681)	-	-
Total changes in net position	<u>15,441</u>	<u>46,586</u>	<u>64,245</u>	<u>33,744</u>	<u>79,686</u>	<u>80,330</u>
Net position - beginning, as previously reported	<u>825,679</u>	<u>1,200,922</u>	<u>-</u>	<u>1,045,049</u>	<u>825,679</u>	<u>2,245,971</u>
Prior period adjustment	-	(421,829)	-	(167,498)	-	(589,327)
Net position - beginning, as restated	<u>825,679</u>	<u>779,093</u>	<u>911,295</u>	<u>877,551</u>	<u>1,736,974</u>	<u>1,656,644</u>
Net position - ending	<u>\$ 841,120</u>	<u>\$ 825,679</u>	<u>\$ 975,540</u>	<u>\$ 911,295</u>	<u>\$ 2,642,339</u>	<u>\$ 1,736,974</u>

Governmental activities. Total net position for governmental activities increased by \$15,441 or 2% from prior year. Governmental activities net position in the prior fiscal year decreased by \$375,243. Key elements of this year's activity in relation to the prior year are as follows:

Revenues:

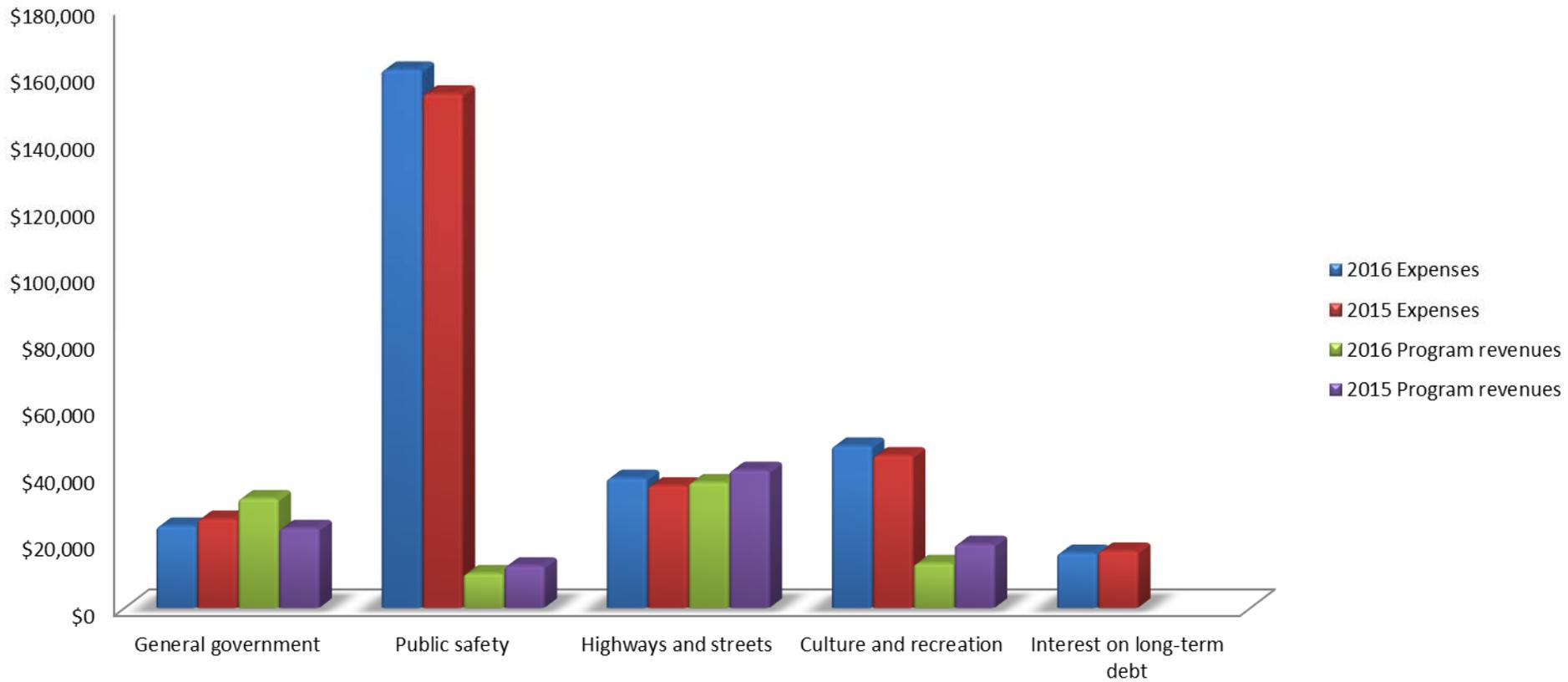
- While variances between years exist for the various revenue categories, the total net decrease was approximately \$21 million or 7%, which is largely attributable to a decrease capital grants and contributions. Capital grants and contributions decreased by approximately \$12.7 million or 29%. The largest component of the decrease relates to capital outlay projects. Specifically, the City completed or was near completion on several major grade separation projects in the prior fiscal year. Also, as the City and much of the nation continue to spend at cautious levels sales, property and other taxes remained relatively flat with minimal increases in each category. The decrease in investment income is primarily the result of one time interest received in the prior year. The City received state mandated claims that had been pending for several years which included an interest component. The decrease in other revenues primarily relates to the prior year receipt of one time revenue in the amount of \$2.9 million related to state mandated claims.

Expenses:

- While variances between years exist for the various expense functions, the total net increase was approximately \$8.9 million or 3%. This is primarily related to an increase of approximately \$5.2 million in public safety costs associated with approved labor contracts with three Police Department bargaining units. Increases in other expense categories were minimal and in line with anticipated results.

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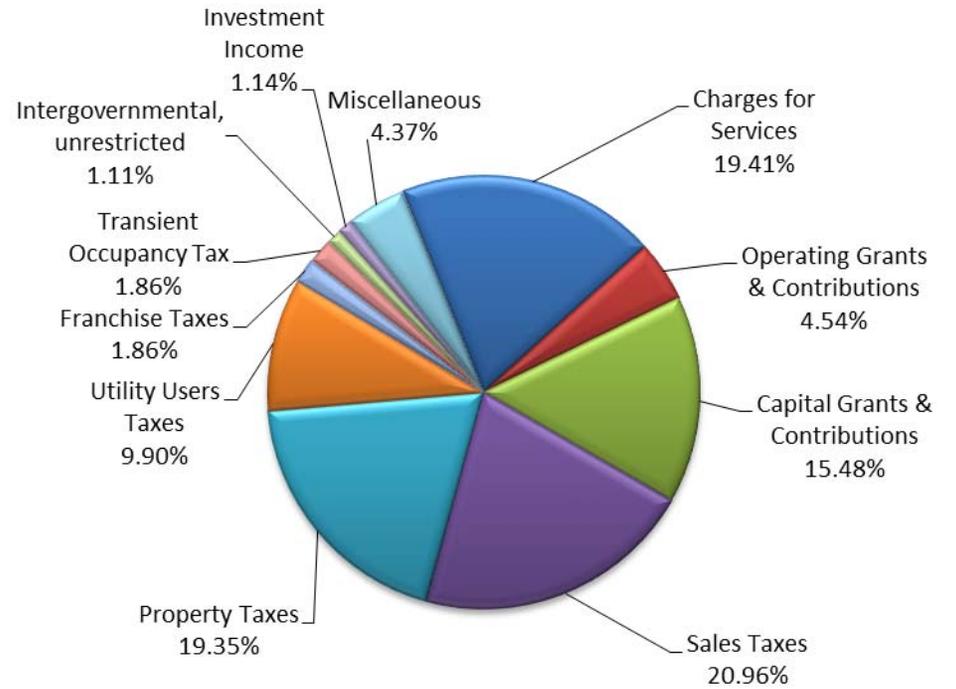
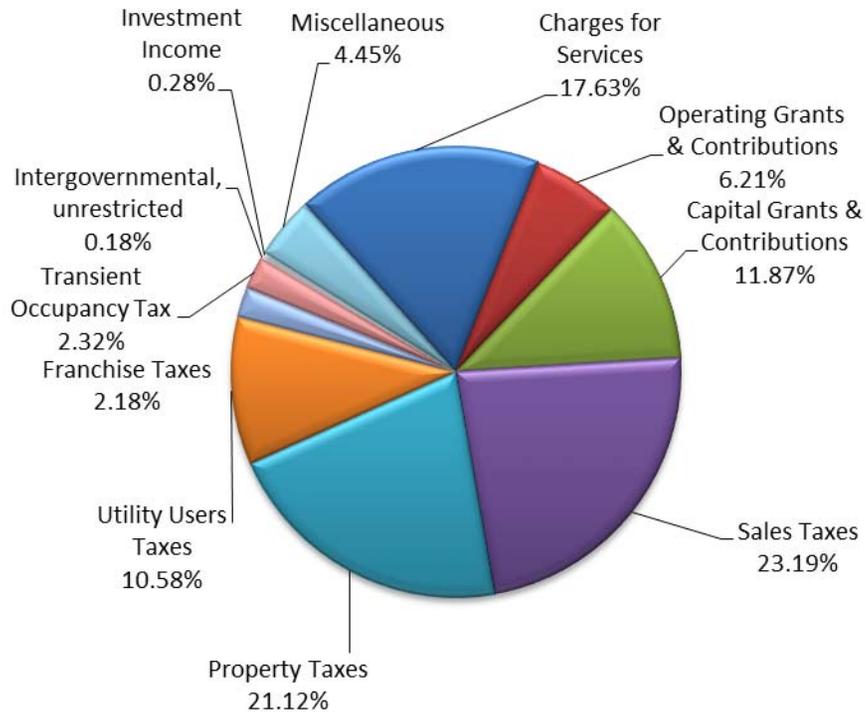
Program Revenues and Expenses – Governmental Activities – Fiscal Year Comparison 2016 vs. 2015



Revenues by Source – Governmental Activities – Fiscal Year Comparison 2016 vs. 2015

2016

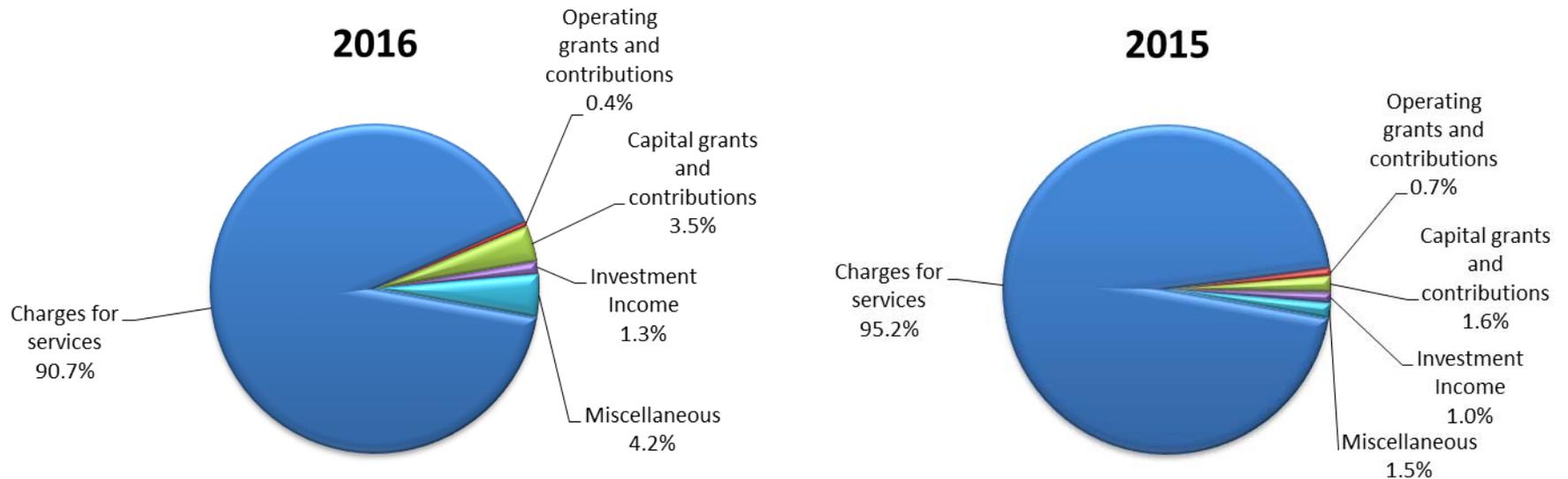
2015



Business-type activities. The net position of business-type activities increased by \$64,245 accounting for a 7% increase in total net position. The net position of business-type activities increased by \$133,754 in the prior year. Key elements of this year's activity in relation to the prior year are as follows:

- Charges for services remained relatively flat along service lines while Capital Grants and Contributions increased \$10,841 or 135%. The primary catalyst for the increase was the assignment of an easement and right-of-way for the construction of an Electric Energy Distribution and Telecommunication facility. Additionally, other general revenue increased \$15,014 or 196% which is primarily attributable to settlement recovery related to San Onofre Nuclear Generating Station (SONGS) in the amount of \$9,500; a \$1,700 settlement recovery related to a fire damage at a substation, and liquidated damages of \$2,300 for various project delays and a power purchase agreement that failed to move forward.
- Overall expenses remained relatively flat decreasing by \$1,687 primarily as the result of decreased expenses in the Electric and Water Fund of \$1,949 and \$5,022, respectively, due to lower energy prices and decreases in facility rehabilitation and water conversation programs coupled with reduced maintenance and operating expenses due to drought conservation efforts. These decrease were offset by increases in the Sewer fund of \$4,385 and the Refuse fund of \$1,646 due to increased support services and waste hauling services, respectively.

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



Financial Analysis of the City's Funds

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

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

(Amounts presented in Thousands)

	General Fund		Capital Outlay Fund		Other Governmental Funds		Total Governmental Funds	
	2016	2015	2016	2015	2016	2015	2016	2015
Total assets	\$ 106,710	\$ 112,678	\$ 29,387	\$ 51,122	\$ 124,654	\$ 125,524	\$ 260,751	\$ 289,324
Total liabilities	\$ 33,042	\$ 29,345	\$ 5,132	\$ 14,304	\$ 12,702	\$ 14,112	\$ 50,876	\$ 57,761
Deferred inflows of resources								
Unavailable revenue	8,090	3,682	5,582	18,205	37,535	38,001	51,207	59,888
Fund balances								
Nonspendable	23,094	23,642	-	-	1,619	1,625 *	24,713	25,267
Restricted	3,067	2,985	18,673	18,613	72,798	71,786 *	94,538	93,384
Assigned	9,922	13,965	-	-	-	-	9,922	13,965
Unassigned	29,495	39,059	-	-	-	- *	29,495	39,059
Total fund balance	65,578	79,651	18,673	18,613	74,417	73,411	158,668	171,675
Total liabilities, deferred inflows and fund balances	\$ 106,710	\$ 112,678	\$ 29,387	\$ 51,122	\$ 124,654	\$ 125,524	\$ 260,751	\$ 289,324

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$158,668 a decrease of \$13,007 compared to the prior year. Additionally, 16% of the fund balance \$24,713 is *nonspendable*, which comprises the portion of fund balance that cannot be spent due to form. \$94,538 or 60% 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. \$9,922 or 6% 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 \$260,751 at June 30, 2016, a decrease of \$28,573 compared to the prior year. Liabilities and deferred inflows of resources amounted to \$102,083, a decrease of \$15,566. The Capital Outlay Fund was the

primary contributor to the decrease in overall liabilities and deferred inflows. The Riverside Avenue grade separation project, a \$30,000 project, was substantially completed in March of 2016. This project incurred a significant amount of expense at the end of the prior fiscal year which resulted in a corresponding increase in unavailable revenue that due to the timing of cash receipts was recorded, for accounting purposes, as a deferred inflow of resources. As a result of the timing of project cash receipts, cash flow was depleted in the fund resulting in a corresponding increase in due to other funds. As the project was substantially complete at June 30, 2016, a majority of the revenues have been received for this project.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled \$65,578 in comparison to \$79,651. The portion of fund balance classified as unassigned was \$29,495 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 \$203,050, \$36,569, and \$5,093 respectively. The unrestricted net position for the Electric, Water and Sewer Funds in the prior year was \$171,120, \$41,524, and \$8,272, respectively. The increase in unrestricted net position of the Electric Fund was the result of increased operating activities and several one-time non-operating revenues. The decrease in unrestricted net position for the Water and Sewer Funds is primarily a result of operating activities as described below.

Electric Fund operating results experienced an increase in charges for services of \$6,909 or 2.0%, 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 86.1% of total revenues. Retail sales, net of reserve/recovery were \$304,486 and \$299,607 for years ended June 30, 2016 and 2015, respectively. The increase in sales was primarily due to increased customer consumption. Operating expenses decreased \$2,254 or 0.70%, which primarily relates to an increase in transmission charges due to increase in high voltage utility specific rate. The increase in non-operating revenues for the Electric fund is primarily the result of one-time revenues related to insurance settlement recoveries and liquidated damages received of \$11,133 and \$2,328, respectively. \$9,457 of the insurance settlement recoveries related to SONGS outages caused by replacement steam generators with the remaining \$1,676 insurance settlement related to fire damages sustained on substation equipment. Liquidated damages received in the amount of \$2,328 related to renewable power purchase agreement for not meeting certain project milestones.

The Water Fund reported lower operating results, with retail sales lower than the previous year's results by \$6,788. Retail sales (residential, commercial, industrial, and other sales) represent 87.9%% of total revenues. Retail sales, net of reserve/recovery were \$50,195 and \$56,983 for the years ended June 30, 2016 and 2015, respectively. The decrease in retail sales was primarily due to a decrease in retail consumption as a result of continued consumer conservation efforts due to the State of California drought conditions.

Net position of the Sewer Fund increased by \$14,570 and \$17,342 for the years ended June 30, 2016 and 2015, respectively. Although overall net position increased, the increase was at a slower rate than prior years. Operating revenues increased by \$2,328 or 4.6% primarily as a result of an annual rate increase; however, operating expenses increased by \$4,894 compared to prior year offsetting the increase in operating revenue.

General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Total Revenues	<u>211,306</u>	<u>224,967</u>	<u>214,073</u>	<u>(\$10,894)</u>
Expenditures:				
General Government	10,244	14,423	15,578	(1,155)
Public Safety	153,826	170,431	163,837	6,594
Highways & Streets	20,356	20,015	17,416	2,599
Culture & Recreation	37,740	41,462	39,413	2,049
Capital Outlay	218	15,727	8,139	7,588
Debt Service	<u>18,148</u>	<u>49,268</u>	<u>48,978</u>	<u>290</u>
Total Expenditures	<u>240,532</u>	<u>311,326</u>	<u>293,361</u>	<u>17,965</u>
Deficiency of Revenue Under Expenditures	(29,226)	(86,359)	(79,288)	7,071
Other Financing Sources	<u>30,227</u>	<u>67,988</u>	<u>65,215</u>	<u>(2,773)</u>
Net Change in Fund Balances	1,001	(18,371)	(14,073)	4,298
Beginning Fund Balance	<u>79,651</u>	<u>79,651</u>	<u>79,651</u>	<u>-</u>
Ending Fund Balance	<u><u>80,652</u></u>	<u><u>\$61,280</u></u>	<u><u>\$65,578</u></u>	<u><u>\$4,298</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 \$18 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, 2016 amounted to \$3,155,636 (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 \$108,796 (a decrease of \$2,304 for governmental activities and an increase of \$111,100 for business-type activities).

Major capital improvements during the current fiscal year included: new infrastructure, consisting primarily of street improvements of \$34 million; \$25 million in Water Utility upgrades primarily related to system expansion and improvements, and continued pipeline replacement programs; \$82 million in Electric Utility capital improvements primarily related to the acquisition of the Mission Square Building and 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 \$391,512 at June 30, 2016 an increase of \$48,691 or 14.2%. Some of the major projects in process are various Sewer system improvements including continuing phase 1 of the Sewer plant expansion project which is near completion, the Santa Ana Trunk replacement project, and 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 \$47,149 for governmental activities and \$54,925 for business-type activities.

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

(Amount presented in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$342,792	\$339,755	\$63,839	\$51,187	\$406,631	\$390,942
Construction in progress	41,535	34,120	349,977	308,701	391,512	342,821
Buildings	119,786	123,798	187,285	149,436	307,071	273,234
Improvements other than Buildings	205,750	209,870	1,101,988	1,088,239	1,307,738	1,298,109
Intangibles	25,075	22,430	40,710	35,262	65,785	57,692
Machinery and equipment	175	198	34,228	34,102	34,403	34,300
Infrastructure	642,496	649,742	-	-	642,496	649,742
Total	\$1,377,609	\$1,379,913	\$1,778,027	\$1,666,927	\$3,155,636	\$3,046,840

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 \$2,189,078 which includes bonded debt of \$1,543,245.

City of Riverside's Long-Term Debt

(Amounts presented in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$12,567	\$13,546	\$ -	\$ -	\$12,567	\$13,546
Pension Obligation Bonds	101,000	108,725	-	-	101,000	108,725
Certificates of Participation	181,429	187,212	-	-	181,429	187,212
Lease Revenue Bonds	39,398	40,891	-	-	39,398	40,891
Revenue Bonds	-	-	1,208,851	1,239,634	1,208,851	1,239,634
Loans Payable	43,482	45,574	-	-	43,482	45,574
Notes Payable	-	-	37,793	37,225	37,793	37,225
Capital Leases	12,006	14,966	4,694	1,720	16,700	16,686
Landfill Capping	-	-	5,686	5,922	5,686	5,922
Arbitrage Liability	-	-	-	15	-	15
Water Acquisition Rights	-	-	938	941	938	941
Compensated Absences	22,444	22,015	8,120	8,444	30,564	30,459
Claims liability	43,269	38,795	-	-	43,269	38,795
Judgment	-	3,334	-	-	-	3,334
OPEB Obligation	17,877	16,361	14,295	13,072	32,172	29,433
Total	\$473,472	\$491,419	\$1,280,377	\$1,306,973	\$1,753,849	\$1,798,392

The City's total debt decreased by \$44,543 or 2.54% during the current fiscal year. The net decrease is primarily related to principal obligation payments on bonded debt offset by increases in the City's pension liability and related long term obligations.

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 \$693,844 at June 30, 2016, which applies only to general obligation debt. At June 30, 2016, the City had \$12,567 of general obligation debt, resulting in available legal debt capacity of \$681,277.

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

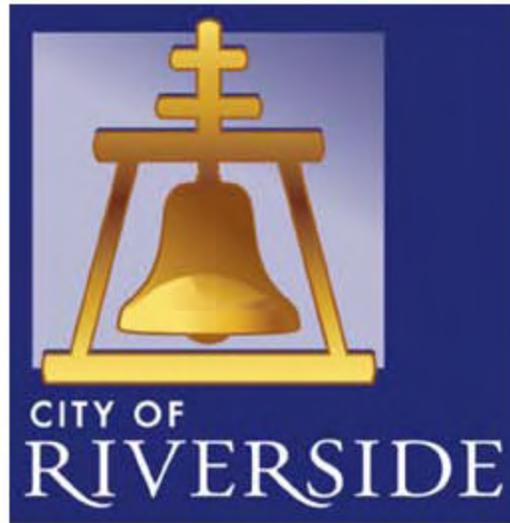
Economic Factors and Next Year's Budget and Rates

- Unemployment in the City of Riverside is 6.6% as compared to 6.5% for the prior year.
- The required employer contribution rates as a percentage of payroll for the City's retirement program will be changing effective July 1, 2016 as follows:
 - Miscellaneous Plan –21.012% to 22.978%.
 - Safety Plan – 31.549% to 34.836%.

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. The General Fund Budget for fiscal year 2017 of approximately \$277 million was adopted. It represents an increase from the prior year of approximately 8.2%, largely related to increased personnel costs associated with new labor agreements, increases related to the Riverside Convention Center and Municipal Auditorium and ambitious new projects such as Chow Alley.

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, 2016
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 91,419	\$ 373,933	\$ 465,352
Receivables, net	98,545	53,677	152,222
Inventory	5,914	2,626	8,540
Prepaid items	1,479	28,471	29,950
Deposits	300	1,356	1,656
Internal balances	13,281	(13,281)	-
Restricted assets:			
Cash and cash equivalents	-	65,251	65,251
Cash and investments at fiscal agent	21,147	206,272	227,419
Other	-	999	999
Advances to Successor Agency Trust Fund	37,292	5,113	42,405
Land and improvements held for resale	4,548	-	4,548
Regulatory assets	-	12,533	12,533
Land and other capital assets not being depreciated	384,327	435,308	819,635
Capital assets (net of accumulated depreciation)	993,282	1,342,719	2,336,001
Total assets	<u>1,651,534</u>	<u>2,514,977</u>	<u>4,166,511</u>
Deferred Outflows of Resources			
Changes in derivative values	26,102	35,059	61,161
Charge on refunding	4,493	17,952	22,445
Pension contributions, changes in assumptions and differences in experience	100,723	45,824	146,547
Total deferred outflows of resources	<u>131,318</u>	<u>98,835</u>	<u>230,153</u>
Liabilities			
Accounts payable and other current liabilities	28,235	24,934	53,169
Accrued interest payable	3,168	15,341	18,509
Unearned revenue	4,375	1,621	5,996
Deposits	8,946	5,579	14,525
Derivative instruments	31,464	46,599	78,063
Decommissioning liability	-	68,893	68,893
Noncurrent liabilities:			
Due within one year	78,040	37,225	115,265
Due in more than one year	395,432	1,243,152	1,638,584
Net pension liability	299,137	136,092	435,229
Total liabilities	<u>848,797</u>	<u>1,579,436</u>	<u>2,428,233</u>
Deferred Inflows of Resources			
Regulatory charges	-	16,556	16,556
Pension contributions, changes in assumptions and differences in experience	92,935	42,280	135,215
Total deferred inflows of resources	<u>92,935</u>	<u>58,836</u>	<u>151,771</u>
Net Position			
Net investment in capital assets	1,123,910	654,870	1,778,780
Restricted for:			
Expendable:			
Capital projects	24,397	-	24,397
Debt service	-	56,880	56,880
Economic development	16,734	-	16,734
Landfill capping	-	413	413
Public works	18,191	-	18,191
Housing	45,547	-	45,547
Programs and regulatory requirements	-	28,233	28,233
Nonexpendable	1,619	-	1,619
Unrestricted	(389,278)	235,144	(154,134)
Total net position	<u>\$ 841,120</u>	<u>\$ 975,540</u>	<u>\$ 1,816,660</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, 2016
(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	\$ 24,483	\$ (16,044)	\$ 24,944	\$ 7,649	\$ 145	\$ 24,299	\$ -	\$ 24,299
Public safety	161,284	8,664	3,243	7,053	-	(159,652)	-	(159,652)
Highways and streets	38,836	3,875	5,709	788	31,019	(5,195)	-	(5,195)
Culture and recreation	47,762	3,505	12,458	831	52	(37,926)	-	(37,926)
Interest on long-term debt	16,387	-	-	-	-	(16,387)	-	(16,387)
Total governmental activities	<u>288,752</u>	<u>-</u>	<u>46,354</u>	<u>16,321</u>	<u>31,216</u>	<u>(194,861)</u>	<u>-</u>	<u>(194,861)</u>
Business type activities:								
Electric	307,925	-	354,530	-	14,874	-	61,479	61,479
Water	57,769	-	57,250	-	3,133	-	2,614	2,614
Sewer	39,978	-	52,664	-	-	-	12,686	12,686
Airport	1,799	-	1,549	-	-	-	(250)	(250)
Refuse	21,652	-	21,806	-	-	-	154	154
Transportation	4,113	-	377	2,322	861	-	(553)	(553)
Public parking	5,141	-	4,918	-	-	-	(223)	(223)
Total business type activities	<u>438,377</u>	<u>-</u>	<u>493,094</u>	<u>2,322</u>	<u>18,868</u>	<u>-</u>	<u>75,907</u>	<u>75,907</u>
Total	<u>\$ 727,129</u>	<u>-</u>	<u>\$ 539,448</u>	<u>\$ 18,643</u>	<u>\$ 50,084</u>	<u>\$ (194,861)</u>	<u>\$ 75,907</u>	<u>\$ (118,954)</u>
General revenues:								
Taxes:								
Sales						60,976	-	60,976
Property						55,545	-	55,545
Utility users						27,828	-	27,828
Franchise						5,730	-	5,730
Transient occupancy tax						6,093	-	6,093
Intergovernmental, unrestricted						477	-	477
Investment income						729	6,888	7,617
Miscellaneous						11,708	22,666	34,374
Subtotal						169,086	29,554	198,640
Transfers, net						41,216	(41,216)	-
Total general revenues and transfers						210,302	(11,662)	198,640
Change in net position						15,441	64,245	79,686
Net position - beginning						825,679	911,295	1,736,974
Net position - ending						<u>\$ 841,120</u>	<u>\$ 975,540</u>	<u>\$ 1,816,660</u>

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

City of Riverside
Balance Sheet
Governmental Funds
June 30, 2016
(amounts expressed in thousands)

Assets	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 33,511	\$ 13,590	\$ 32,344	\$ 79,445
Cash and investments at fiscal agent	2,758	3,498	14,891	21,147
Receivables (net of allowance for uncollectibles)				
Interest	19	50	79	148
Property taxes	4,524	-	-	4,524
Sales tax	19,117	-	-	19,117
Utility billed	1,123	-	-	1,123
Accounts	12,674	4	30	12,708
Intergovernmental	5,388	12,245	4,518	22,151
Notes	1,597	-	37,091	38,688
Prepaid items	1,455	-	24	1,479
Deposits	300	-	-	300
Due from other funds	1,564	-	-	1,564
Advances to other funds	20,757	-	-	20,757
Advances to Successor Agency Trust Fund	582	-	32,470	33,052
Land & improvements held for resale	1,341	-	3,207	4,548
Total assets	<u>\$ 106,710</u>	<u>\$ 29,387</u>	<u>\$ 124,654</u>	<u>\$ 260,751</u>
Liabilities				
Accounts payable	\$ 7,640	\$ 2,092	\$ 1,511	\$ 11,243
Accrued payroll	14,985	-	-	14,985
Retainage payable	31	29	235	295
Intergovernmental	144	-	-	144
Unearned revenue	1,296	3,011	68	4,375
Deposits	8,946	-	-	8,946
Due to other funds	-	-	982	982
Advances from other funds	-	-	9,906	9,906
Total liabilities	<u>33,042</u>	<u>5,132</u>	<u>12,702</u>	<u>50,876</u>
Deferred Inflows of Resources				
Unavailable revenue	8,090	5,582	37,535	51,207
Total deferred inflows of resources	<u>8,090</u>	<u>5,582</u>	<u>37,535</u>	<u>51,207</u>
Fund Balances				
Nonspendable:				
Inventories, prepaids and deposits	1,755	-	-	1,755
Advances	21,339	-	-	21,339
Permanent fund principal	-	-	1,619	1,619
Restricted for:				
Housing and redevelopment	675	-	24,746	25,421
Debt service	1,776	-	26,221	27,997
Transportation and public works	-	18,673	18,203	36,876
Other purposes	616	-	3,628	4,244
Assigned to:				
General government	2,419	-	-	2,419
Public safety	1,860	-	-	1,860
Highways and streets	150	-	-	150
Culture and recreation	553	-	-	553
Continuing projects	4,940	-	-	4,940
Unassigned	29,495	-	-	29,495
Total fund balances	<u>65,578</u>	<u>18,673</u>	<u>74,417</u>	<u>158,668</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 106,710</u>	<u>\$ 29,387</u>	<u>\$ 124,654</u>	<u>\$ 260,751</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, 2016
(amounts expressed in thousands)

Total fund balances - governmental funds \$ 158,668

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. 1,370,553

Deferred refunding charges are not available resources and, therefore, are not reported in the funds. 4,493

Deferred amounts on pensions related to contributions after the measurement date 98,707

Deferred amounts on pensions related to the net difference between projected and actual earnings on pension plan investments (91,075)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 51,207

Accrued interest payable for the current portion of interest due on various debt issues has not been reported in the governmental funds. (3,168)

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

Bonds	\$ (150,675)	
Certificates of participation	(180,640)	
Capital leases	(12,006)	
Loan payable	(43,482)	
Bond premiums	(3,079)	
OPEB obligation	(17,043)	
Net pension liability	(293,148)	
Compensated absences	(21,993)	
		(722,066)

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	\$ (31,464)	
Deferred amount related to the hedgeable portion of the derivative instrumen	<u>26,102</u>	
		(5,362)

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. (20,837)

Net position of governmental activities \$841,120

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, 2016
(amounts expressed in thousands)

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 156,172	\$ -	\$ -	\$ 156,172
Licenses and permits	9,077	-	2,534	11,611
Intergovernmental	10,006	25,917	15,973	51,896
Charges for services	26,443	-	-	26,443
Fines and forfeitures	1,937	-	4	1,941
Special assessments	4,424	409	2,206	7,039
Rental and investment income	1,868	366	2,136	4,370
Miscellaneous	4,146	831	7,601	12,578
Total revenues	<u>214,073</u>	<u>27,523</u>	<u>30,454</u>	<u>272,050</u>
Expenditures				
Current:				
General government	15,578	-	4,322	19,900
Public safety	163,837	-	963	164,800
Highways and streets	17,416	-	-	17,416
Culture and recreation	39,413	-	170	39,583
Capital outlay	8,139	24,445	20,624	53,208
Debt service:				
Principal	43,172	-	8,815	51,987
Interest	5,626	-	10,825	16,451
Bond issuance costs	180	-	-	180
Total expenditures	<u>293,361</u>	<u>24,445</u>	<u>45,719</u>	<u>363,525</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(79,288)</u>	<u>3,078</u>	<u>(15,265)</u>	<u>(91,475)</u>
Other financing sources (uses)				
Transfers in	44,790	58	16,536	61,384
Transfers out	(16,747)	(3,156)	(265)	(20,168)
Issuance of long-term debt	31,145	-	-	31,145
Capital lease financings	5,846	-	-	5,846
Proceeds from the sale of capital assets	181	80	-	261
Total other financing sources (uses)	<u>65,215</u>	<u>(3,018)</u>	<u>16,271</u>	<u>78,468</u>
Net change in fund balances	(14,073)	60	1,006	(13,007)
Fund balances - beginning	79,651	18,613	73,411	171,675
Fund balances - ending	<u>\$ 65,578</u>	<u>\$ 18,673</u>	<u>\$ 74,417</u>	<u>\$ 158,668</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, 2016
(amounts expressed in thousands)

Net change in fund balances - total governmental funds \$ (13,007)

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

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

Capital asset additions	\$ 48,351	
Depreciation expense	<u>(46,222)</u>	2,129

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. (3,681)

Revenues in the statement of activities that do not meet the "availability" criteria for revenue recognition and therefore are not reported as revenue in the funds. (8,681)

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	\$ 51,987	
Net pension liability	18,949	
Judgement payments	3,334	
Net OPEB obligation	(1,446)	
Compensated absences	(424)	
Interest	(842)	
Issuance of long-term debt	<u>(31,145)</u>	40,413

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. (1,732)

Change in net position of governmental activities \$ 15,441

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, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget		Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final				Original	Final		
Revenues									
Taxes	\$ 159,403	\$ 159,403	\$ 156,172	\$ (3,231)	Public safety:				
Licenses and permits	9,094	9,094	9,077	(17)	Police	93,522	106,291	100,650	5,641
Intergovernmental	1,897	14,115	10,006	(4,109)	Fire	49,986	53,822	53,656	166
Charges for services	25,717	25,998	26,443	445	Animal regulation	3,409	3,409	3,092	317
Fines and forfeitures	2,419	2,419	1,937	(482)	Building and zoning inspection	2,386	2,386	1,907	479
Special assessments	4,622	4,622	4,424	(198)	Street lighting	4,523	4,523	4,532	(9)
Rental and investment income	3,047	3,047	1,868	(1,179)	Total public safety	153,826	170,431	163,837	6,594
Miscellaneous	5,107	6,269	4,146	(2,123)	Highways and streets	20,356	20,015	17,416	2,599
Total revenues	211,306	224,967	214,073	(10,894)	Culture and recreation				
					Library	7,511	8,328	7,918	410
Expenditures					Museum & cultural affairs	12,630	12,904	12,925	(21)
General government:					Parks, recreation & community services	17,599	20,230	18,570	1,660
Mayor	1,039	1,102	947	155	Total culture and recreation	37,740	41,462	39,413	2,049
Council	1,758	1,745	1,706	39	Capital outlay	218	15,727	8,139	7,588
Manager	11,794	12,001	13,513	(1,512)	Debt service:				
Attorney	5,221	5,582	4,763	819	Principal	12,309	43,249	43,172	77
Clerk	1,838	1,838	1,827	11	Interest	5,839	5,839	5,626	213
Community development	12,958	13,763	12,245	1,518	Bond issuance costs	-	180	180	-
Human resources	3,615	3,930	3,481	449	Total debt service	18,148	49,268	48,978	290
General services	11,615	12,458	11,337	1,121	Total expenditures	240,532	311,326	293,361	17,965
Finance	8,428	9,083	14,847	(5,764)	Deficiency of revenue under expenditures	(29,226)	(86,359)	(79,288)	7,071
Innovation & technology	11,964	12,907	10,832	2,075	Other financing sources (uses)				
Subtotal	70,230	74,409	75,498	(1,089)	Transfers in	46,134	44,790	44,790	-
Allocated expenditures	(59,986)	(59,986)	(59,920)	(66)	Transfers out	(16,062)	(16,908)	(16,747)	161
Total general government	10,244	14,423	15,578	(1,155)	Issuance of long-term debt	-	31,145	31,145	-
					Capital lease financings	-	8,806	5,846	(2,960)
					Proceeds from the sale of capital assets	155	155	181	26
					Total other financing sources	30,227	67,988	65,215	(2,773)
				continued	Net change in fund balance	1,001	(18,371)	(14,073)	4,298
					Fund balance, beginning	79,651	79,651	79,651	-
					Fund balance (deficit), ending	\$ 80,652	\$ 61,280	\$ 65,578	\$ 4,298

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

City of Riverside
Statement of Net Position
Proprietary Funds
June 30, 2016
(amounts expressed in thousands)

Business-type Activities - Enterprise Funds							Governmental Activities-Internal Service Funds
Assets	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds		
Current assets:							
Cash and investments	\$ 249,247	\$ 73,541	\$ 45,764	\$ 5,381	\$ 373,933	\$	11,974
Receivables (net allowances for uncollectibles)							
Interest	650	182	123	17	972		33
Utility billed	14,379	3,221	2,907	1,027	21,534		-
Utility unbilled	15,909	3,048	2,062	747	21,766		-
Accounts	4,107	1,921	93	1,407	7,528		21
Intergovernmental	2	898	669	308	1,877		32
Inventory	1,097	-	1,529	-	2,626		5,914
Prepaid items	21,338	168	1	-	21,507		-
Deposits	1,356	-	-	-	1,356		-
Due from other funds	418	179	-	-	597		-
Restricted assets:							
Cash and cash equivalents:							
Rate stabilization cash and cash equivalents	-	-	14,500	-	14,500		-
Other restricted cash and cash equivalents	41,847	8,491	-	413	50,751		-
Public benefit programs receivable	897	102	-	-	999		-
Total current assets	<u>351,247</u>	<u>91,751</u>	<u>67,648</u>	<u>9,300</u>	<u>519,946</u>		<u>17,974</u>
Non-current assets:							
Restricted assets:							
Cash and investments at fiscal agent	92,393	-	113,879	-	206,272		-
Regulatory assets	4,395	705	1,746	5,687	12,533		-
Prepaid items - non-current	6,964	-	-	-	6,964		-
Advances to other funds	-	-	5,984	-	5,984		4,692
Advances to Successor Agency Trust Fund	5,113	-	-	-	5,113		4,240
Capital assets:							
Land	21,439	20,483	2,737	19,180	63,839		458
Intangible assets, non-depreciable	10,651	10,841	-	-	21,492		-
Intangible assets, depreciable	18,961	2,353	119	-	21,433		219
Accumulated depreciation - intangible assets, depreciable	(1,825)	(360)	(30)	-	(2,215)		(44)
Buildings	60,183	19,609	199,684	35,903	315,379		4,065
Accumulated depreciation - buildings	(7,752)	(5,814)	(107,378)	(7,150)	(128,094)		(477)
Improvements other than buildings	903,206	594,374	107,276	29,054	1,633,910		1,308
Accumulated depreciation - improvements other than buildings	(315,576)	(186,004)	(20,046)	(10,296)	(531,922)		(269)
Machinery and equipment	39,094	13,215	13,802	23,162	89,273		10,343
Accumulated depreciation - machinery and equipment	(19,013)	(12,203)	(7,952)	(15,877)	(55,045)		(8,547)
Construction in progress	45,326	6,655	297,950	46	349,977		-
Total non-current assets	<u>863,559</u>	<u>463,854</u>	<u>607,771</u>	<u>79,709</u>	<u>2,014,893</u>		<u>15,988</u>
Total assets	<u>1,214,806</u>	<u>555,605</u>	<u>675,419</u>	<u>89,009</u>	<u>2,534,839</u>		<u>33,962</u>
Deferred Outflows of Resources							
Changes in derivative values	27,713	7,346	-	-	35,059		-
Charge on refunding	10,790	7,162	-	-	17,952		-
Pension contributions, changes in assumptions and differences in experience	26,232	9,515	6,173	3,904	45,824		2,016
Total deferred outflows of resources	<u>64,735</u>	<u>24,023</u>	<u>6,173</u>	<u>3,904</u>	<u>98,835</u>		<u>2,016</u>

Continued

City of Riverside
Statement of Net Position
Proprietary Funds
June 30, 2016
(amounts expressed in thousands)

Liabilities	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	
Current liabilities:						
Accounts payable	15,861	2,325	5,433	832	24,451	1,568
Retainage payable	115	33	335	-	483	-
Unearned revenue	325	4	3	1,289	1,621	-
Deposits	5,040	539	-	-	5,579	-
Due to other funds	-	-	-	582	582	597
Capital leases - current	789	-	-	-	789	-
Water stock acquisitions - current	-	150	-	-	150	-
Notes payable - current	-	802	758	977	2,537	-
Landfill capping - current	-	-	-	200	200	-
Claims and judgments - current	-	-	-	-	-	11,315
Compensated absences - current	4,123	1,402	994	475	6,994	281
Current liabilities payable from restricted assets:						
Revenue bonds	13,320	5,180	8,055	-	26,555	-
Decommissioning liability	6,126	-	-	-	6,126	-
Accrued interest	5,405	1,687	8,249	-	15,341	-
Total current liabilities	<u>51,104</u>	<u>12,122</u>	<u>23,827</u>	<u>4,355</u>	<u>91,408</u>	<u>13,761</u>
Non-current liabilities:						
Revenue bonds	561,728	190,742	429,826	-	1,182,296	-
Notes payable	-	13,764	2,222	19,270	35,256	-
Capital leases	3,905	-	-	-	3,905	-
Advances from other funds	10,084	4,338	2,775	2,083	19,280	2,247
Decommissioning liability	62,767	-	-	-	62,767	-
Derivative instruments	34,201	12,398	-	-	46,599	-
Claims and judgments	-	-	-	-	-	31,954
Water stock acquisitions	-	788	-	-	788	-
Landfill capping	-	-	-	5,486	5,486	-
Compensated absences	764	196	111	55	1,126	170
OPEB obligation	7,264	3,032	2,152	1,847	14,295	834
Net pension liability	77,907	28,257	18,333	11,595	136,092	5,989
Total non-current liabilities	<u>758,620</u>	<u>253,515</u>	<u>455,419</u>	<u>40,336</u>	<u>1,507,890</u>	<u>41,194</u>
Total liabilities	<u>809,724</u>	<u>265,637</u>	<u>479,246</u>	<u>44,691</u>	<u>1,599,298</u>	<u>54,955</u>
Deferred Inflows of Resources						
Regulatory charges	-	-	16,556	-	16,556	-
Pension contributions, changes in assumptions and differences in experience	24,204	8,779	5,695	3,602	42,280	1,860
Total deferred inflows of resources	<u>24,204</u>	<u>8,779</u>	<u>22,251</u>	<u>3,602</u>	<u>58,836</u>	<u>1,860</u>
Net Position						
Net investment in capital assets	201,651	260,468	138,976	53,775	654,870	7,056
Restricted for debt service	16,289	5,949	34,642	-	56,880	-
Restricted for landfill capping	-	-	-	413	413	-
Restricted for programs and regulatory requirements	24,623	2,226	1,384	-	28,233	-
Unrestricted	203,050	36,569	5,093	(9,568)	235,144	(27,893)
Total net position (deficit)	<u>\$ 445,613</u>	<u>\$ 305,212</u>	<u>\$ 180,095</u>	<u>\$ 44,620</u>	<u>\$ 975,540</u>	<u>\$ (20,837)</u>

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, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					Governmental
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Activities-Internal Service Funds
Operating revenues:						
Charges for services	\$ 354,530	\$ 57,250	\$ 52,664	\$ 28,650	\$ 493,094	\$ 24,230
Operating expenses:						
Personnel services	39,789	10,358	8,574	8,133	66,854	3,835
Contractual services	6,849	2,230	2,706	5,554	17,339	1,111
Maintenance and operation	193,765	8,571	8,244	7,100	217,680	2,336
General	9,799	13,911	8,348	5,614	37,672	2,292
Materials and supplies	997	440	3,501	1,370	6,308	132
Claims/Insurance	793	397	490	237	1,917	15,557
Depreciation and amortization	30,953	13,510	7,025	3,843	55,331	927
Total operating expenses	<u>282,945</u>	<u>49,417</u>	<u>38,888</u>	<u>31,851</u>	<u>403,101</u>	<u>26,190</u>
Operating income (loss)	<u>71,585</u>	<u>7,833</u>	<u>13,776</u>	<u>(3,201)</u>	<u>89,993</u>	<u>(1,960)</u>
Non-operating revenues (expenses):						
Operating grants	-	-	-	2,322	2,322	-
Interest income	5,143	1,075	586	84	6,888	269
Other	18,191	1,802	379	1,076	21,448	3
Gain (loss) on retirement of capital assets	424	132	(2)	4	558	-
Capital improvement fees	-	-	660	-	660	-
Interest expense and fiscal charges	(24,980)	(8,352)	(1,090)	(854)	(35,276)	(71)
Total non-operating revenues (expenses)	<u>(1,222)</u>	<u>(5,343)</u>	<u>533</u>	<u>2,632</u>	<u>(3,400)</u>	<u>201</u>
Income (loss) before capital contributions and transfers	70,363	2,490	14,309	(569)	86,593	(1,759)
Cash capital contributions	2,435	2,245	-	861	5,541	27
Noncash capital contributions	12,439	888	-	-	13,327	-
Transfers in	-	3,333	261	718	4,312	-
Transfers out	(38,360)	(6,430)	-	(738)	(45,528)	-
Change in net position	46,877	2,526	14,570	272	64,245	(1,732)
Net position (deficit) - beginning	398,736	302,686	165,525	44,348	911,295	(19,105)
Net position (deficit) - ending	<u>\$ 445,613</u>	<u>\$ 305,212</u>	<u>\$ 180,095</u>	<u>\$ 44,620</u>	<u>\$ 975,540</u>	<u>\$ (20,837)</u>

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, 2016
(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	\$ 354,041	\$ 59,367	\$ 52,847	\$ 28,396	\$ 494,651	\$ 24,873
Cash paid to employees for services	(48,760)	(16,871)	(9,921)	(9,035)	(84,587)	194
Cash paid to other suppliers of goods or services	(210,879)	(22,775)	(21,080)	(20,561)	(275,295)	(20,963)
Other receipts	18,191	761	15,299	1,482	35,733	3
Net cash (used) provided by operating activities	<u>112,593</u>	<u>20,482</u>	<u>37,145</u>	<u>282</u>	<u>170,502</u>	<u>4,107</u>
Cash flows from noncapital financing activities:						
Transfers in	-	3,333	261	718	4,312	-
Transfers out	(38,360)	(6,430)	-	(738)	(45,528)	-
Operating grants	-	-	-	2,322	2,322	-
Receipts on interfund advances	929	82	5,467	(11)	6,467	2,153
Outflows on interfund advances	(635)	(274)	(175)	(234)	(1,318)	(415)
Net cash (used) provided by noncapital financing activities	<u>(38,066)</u>	<u>(3,289)</u>	<u>5,553</u>	<u>2,057</u>	<u>(33,745)</u>	<u>1,738</u>
Cash flows from capital and related financing activities:						
Purchase of capital assets	(65,534)	(15,042)	(43,167)	(2,373)	(126,116)	(175)
Proceeds from the sale of capital assets	483	148	(2)	4	633	-
Principal paid on long-term obligations	(16,499)	(5,263)	(8,928)	(940)	(31,630)	-
Interest paid on long-term obligations	(26,500)	(8,406)	(15,511)	(854)	(51,271)	(71)
Capital improvement fees	-	-	660	-	660	-
Capital contributions	2,830	2,271	-	861	5,962	27
Net cash (used) for capital and related financing activities	<u>(105,220)</u>	<u>(26,292)</u>	<u>(66,948)</u>	<u>(3,302)</u>	<u>(201,762)</u>	<u>(219)</u>
Cash flows from investing activities:						
Purchase of investments	(1,101)	-	(73)	9	(1,165)	(5)
Income from investments	5,363	1,204	586	84	7,237	269
Net cash (used) provided by investing activities	<u>4,262</u>	<u>1,204</u>	<u>513</u>	<u>93</u>	<u>6,072</u>	<u>264</u>
Net change in cash and cash equivalents	<u>(26,431)</u>	<u>(7,895)</u>	<u>(23,737)</u>	<u>(870)</u>	<u>(58,933)</u>	<u>5,890</u>
Cash and cash equivalents, beginning (including \$90,101 for Electric, \$6,063 for Water, \$174,182 for Sewer and \$650 for Other Enterprise Funds in restricted accounts.)						
	<u>317,525</u>	<u>89,927</u>	<u>197,880</u>	<u>6,664</u>	<u>611,996</u>	<u>6,084</u>
Cash and cash equivalents, ending (including \$41,847 for Electric, \$8,491 for Water, \$128,379 for Sewer and \$413 for Other Enterprise Funds in restricted accounts.)						
	<u>\$ 291,094</u>	<u>\$ 82,032</u>	<u>\$ 174,143</u>	<u>\$ 5,794</u>	<u>\$ 553,063</u>	<u>\$ 11,974</u>

Continued

City of Riverside
Proprietary Funds
Statement of Cash Flows
For the fiscal year ended June 30, 2016
(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 (used) provided by operating activities:						
Operating Income (loss)	\$ 71,585	\$ 7,833	\$ 13,776	\$ (3,201)	\$ 89,993	\$ (1,960)
Other receipts	18,191	761	379	1,076	20,407	3
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	30,953	13,510	7,025	3,843	55,331	927
Changes in assets, liabilities and deferred inflows/outflows of resources:						
Utility billed receivable	1,055	91	(32)	100	1,214	-
Utility unbilled receivable	(859)	(352)	(122)	(28)	(1,361)	-
Accounts receivable	(565)	(891)	308	(197)	(1,345)	235
Intergovernmental receivable	-	371	29	(129)	271	408
Inventory	105	-	(114)	-	(9)	(30)
Prepaid and deposit items	(3,284)	(166)	1	-	(3,449)	-
Benefit programs receivable	115	2,940	-	-	3,055	-
Regulatory assets	7,160	-	(16)	406	7,550	-
Accounts payable	(1,642)	(1,322)	1,987	(104)	(1,081)	495
Accrued payroll	(1,627)	(536)	(320)	(261)	(2,744)	(132)
Retainage payable	(126)	(80)	335	(14)	115	-
Other payables	434	55	158	584	1,231	75
Deposits payable	528	94	-	(807)	(185)	-
Landfill capping	-	-	-	(236)	(236)	-
Claims and judgments	-	-	-	-	-	4,474
Net pension liability and related changes in deferred outflows and inflows of resources	(5,036)	(1,826)	(1,185)	(750)	(8,797)	(388)
Deferred regulatory charges	-	-	14,936	-	14,936	-
Decommissioning liability	(4,394)	-	-	-	(4,394)	-
Net cash (used) provided by operating activities	<u>\$ 112,593</u>	<u>\$ 20,482</u>	<u>\$ 37,145</u>	<u>\$ 282</u>	<u>\$ 170,502</u>	<u>\$ 4,107</u>
Schedule of noncash financing and investing activities:						
Capital Contributions - capital assets	\$ 12,439	\$ 888	\$ -	\$ -	\$ 13,327	\$ -
Increase in fair value of investments	(50)	-	-	-	(50)	-
Land purchase with note payable	-	3,082	-	-	3,082	-
Borrowing under capital lease	3,648	-	-	-	3,648	-

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, 2016
(amounts expressed in thousands)

	Successor Agency Private-Purpose Trust Fund	Agency Fund
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 36,564	\$ 3,085
Cash and investments at fiscal agent	13,207	5,156
Receivables:		
Interest	69	6
Accounts	82	-
Notes	21,081	-
Direct financing lease receivable	18,065	-
Deposits	2	-
Property tax receivables	-	52
Land and improvements held for resale	12,128	-
Capital assets:		
Land	185	-
Equipment	6	-
Accumulated depreciation - equipment	(6)	-
Total assets	<u>101,383</u>	<u>8,299</u>
Liabilities		
Accounts payable	118	35
Accrued interest	4,112	-
Advances from other funds	42,405	-
Bonds payable	226,290	-
Notes payable	5,093	-
Held for bond holders	-	8,264
Total liabilities	<u>278,018</u>	<u>8,299</u>
Deferred Inflows of Resources		
Deferred charge on refunding	1,374	-
Total deferred inflows of resources	<u>1,374</u>	<u>-</u>
Net Position/(Deficit)		
Held by Successor Agency	(178,009)	-
Total net position/(deficit)	<u>\$ (178,009)</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, 2016
(amounts expressed in thousands)

	Successor Agency Private-Purpose Trust Fund
	<u> </u>
Additions	
Property tax revenue	\$ 37,283
Rental and investment income	299
Miscellaneous	73
Total additions	<u>37,655</u>
Deductions	
Professional services and other deductions	2,573
Redevelopment projects	548
Interest expense	11,285
Total deductions	<u>14,406</u>
Change in Net Position/(Deficit)	23,249
Net position/(deficit) - beginning	<u>(201,258)</u>
Net position/(deficit) - ending	<u>\$ (178,009)</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.

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 and sales tax revenue which is seven (7) months, as described below. Grant revenue is recognized if received within six (6) months of year end to enable the matching of revenue with applicable expenditures. Expenditures generally are recorded when a liability is incurred under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In 2004, the State temporarily began to exchange 25% of sales taxes for an equal amount of property taxes to securitize a short-term State bond issue. The State bond issue will remain outstanding for an uncertain number of years, but the bonds are currently estimated to retire in 2016. These in-lieu sales taxes will be paid to the City by the State on a different calendar than sales taxes, which are paid monthly, three months in arrears. The vast majority of the in-lieu amount will be paid during the applicable fiscal year; however, the final payment of the in-lieu sales taxes will not be paid until the January following the end of the applicable fiscal year. Since 2004, the final "true-up" payment has been reported in the fiscal year that the revenue was earned and thus provides consistency in the reporting of sales tax revenue.

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

The permanent fund is a governmental fund that is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's Library programs. Non-expendable net position on the Statement of Net Position includes \$1.6 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, 2016, the City had an allowance for doubtful account balance of \$6,402.

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, 2016, business-type activities capitalized net interest costs of \$21,232 in the government-wide and fund financial statements. Total interest expense incurred by the business-type activities (and the enterprise funds on the proprietary funds statements) before capitalization was \$56,508.

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 10 for further discussion related to the City's interest rate swaps.

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

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 \$80,494 in cash investments with the trustee and \$4,951 in an internally designated decommissioning reserve as the Electric Utility's estimated share of the decommissioning cost of SONGS as of

June 30, 2016. With the recent retirement of SONGS units 2 and 3, there is much uncertainty as to future unknown costs to decommission SONGS. Although management believes the current cost estimate is the upper bound of decommissioning obligations, the Electric Utility has conservatively decided to continue to set aside \$1,581 per year in an internally 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, 2016, the Electric Utility has paid to date \$14,936 in decommissioning obligations. The Electric Utility has submitted the necessary documents to the trustee and will begin drawing decommissioning trust funds to pay for the decommissioning costs as incurred. The Electric Utility anticipates receiving reimbursement from the trust starting in fiscal year ending June 30, 2017.

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, 2016, 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 July 1 of the fiscal year the levy is placed and a lien is attached to the property. Property taxes are due in two installments. The first installment is due November 1 and is delinquent after December 10. The second installment is due February 1 and is delinquent after April 10. The City generally accrues only those taxes, which are received within sixty days after the year-end. Under the Teeter plan, the County of Riverside has responsibility for the collection of delinquent taxes and the City receives 100% of the levy.

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 July 1, 2015, the accompanying financial statements reflect the implementation of Governmental Accounting Standards Board Statement No. 72 (GASB 72), *Fair Value Measurement and Application*. The primary objective of GASB 72 is to address accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes. Also, GASB 72 provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

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 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	\$ 522,129
Investments at fiscal agent	245,278
	<u>767,407</u>
Cash on hand and deposits with financial institutions	47,615
Non-negotiable certificates of deposit	1,012
	<u>\$ 816,034</u>

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

Cash and investments	\$ 465,352
Restricted cash and cash equivalents	65,251
Restricted cash and investments at fiscal agent	227,419
Total per statement of net position	<u>758,022</u>
Fiduciary fund cash and investments	39,649
Fiduciary fund cash and investments with fiscal agent	18,363
	<u>\$ 816,034</u>

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

Interest income earned on pooled cash and investments is allocated monthly to funds based on the beginning and month-end balances. Interest income from cash and investments held at fiscal agents is credited directly to the related account. Bank deposits are covered by federal depository insurance for the first \$250 or by collateral held in the pledging bank's trust department in the name of the City.

Authorized Investments

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

	<u>Max Maturity</u>	<u>Max % of Portfolio</u>
Local Agency Investment Fund (State Pool)	N/A	100%
Money Market Funds	N/A	20%
Mutual Funds	N/A	20%
Joint Powers Authority Pools	N/A	N/A
Corporate Medium Term Notes	5 Years	30%
Municipal Bonds	5 Years	30%
Negotiable Certificates of Deposit	5 Years	30%
Mortgage Pass-Through and Asset-Backed Securities	5 Years	20%
Certificates of Deposit Placement Services	5 Years	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 CGASode 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, 2016:

	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	\$ 44,450	\$ -	\$ 44,450	\$ -
Federal Agency Securities	10,622	-	10,622	-
U.S. Treasury Notes/Bonds	314,335	-	314,335	-
Corp. Medium Term Notes	36,154	-	36,154	-
Negotiable Certificates of Deposits	17,028	-	17,028	-
Held by Fiscal Agent				
Money Market Funds	53,606	-	53,606	-
Commercial Paper	4,143	-	4,143	-
U.S. Treasury Notes/Bonds	39,397	-	39,397	-
Federal Agency Securities	46,461	-	46,461	-
Corp. Medium Term Notes	17,905	-	17,905	-
Total	584,101	\$ -	\$ 584,101	\$ -
Investments not subject to fair value hierarchy:				
State Investment Pool	165,123			
Investment Contracts	18,183			
Total Investments	\$ 767,407			

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

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

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	\$ 44,450	\$ 44,450	\$ -	\$ -	\$ -
Federal Agency Securities	10,622	-	10,622	-	-
U.S. Treasury Notes/Bonds	314,335	46,711	128,316	139,308	-
Corp. Medium Term Notes	36,154	18,697	8,807	8,650	-
State Investment Pool	99,540	99,540	-	-	-
Negotiable Certificates of Deposit	17,028	5,704	3,741	7,583	-
Held by Fiscal Agent					
Money Market Funds	53,606	53,606	-	-	-
State Investment Pool	65,583	65,583	-	-	-
Investment Contracts	18,183	-	-	7,423	10,760
Commercial Paper	4,143	4,143	-	-	-
U.S. Treasury Notes/Bonds	39,397	26,215	9,830	3,352	-
Federal Agency Securities	46,461	32,242	13,845	374	-
Corp. Medium Term Notes	17,905	13,891	4,014	-	-
Total	\$ 767,407	\$ 410,782	\$ 179,175	\$ 166,690	\$ 10,760

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	\$ 44,450	\$ 19,065	\$ 20,303	\$ 5,082	\$ -
Federal Agency Securities	10,622	10,622	-	-	-
U.S. Treasury Notes/Bonds	314,335	314,335	-	-	-
Corp. Medium Term Notes	36,154	-	34,343	1,811	-
State Investment Pool	99,540	-	-	-	99,540
Negotiable Certificates of Deposits	17,028	-	-	-	17,028
Held by Fiscal Agent					
Money Market Funds	53,606	19,822	-	33,784	-
State Investment Pool	65,583	-	-	-	65,583
Investment Contracts	18,183	-	-	-	18,183
Commercial Paper	4,143	-	-	4,143	-
U.S. Treasury Notes/Bonds	39,397	39,397	-	-	-
Federal Agency Securities	46,461	46,461	-	-	-
Corp. Medium Term Notes	17,905	-	-	17,905	-
Total	\$ 767,407	\$ 449,702	\$ 54,646	\$ 62,725	\$ 200,334

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, 2016, 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

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

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>	
2017	\$ 2,561
2018	2,598
2019	2,625
2020	2,659
2021	2,692
Thereafter	<u>11,092</u>
Total Due	24,227
Less: Amount applicable to interest	<u>(6,162)</u>
Total direct financing lease receivable	<u>\$ 18,065</u>

5. Capital Assets

The following is a summary of changes in the capital assets during the fiscal year ended June 30, 2016.

	<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	\$ 339,755	\$ 3,113	\$ (76)	\$ 342,792
Construction in progress	<u>34,120</u>	<u>23,676</u>	<u>(16,261)</u>	<u>41,535</u>
Total capital assets not depreciated	<u>373,875</u>	<u>26,789</u>	<u>(16,337)</u>	<u>384,327</u>
Capital assets being depreciated:				
Buildings	183,230	715	(349)	183,596
Improvements other than buildings	301,454	8,382	-	309,836
Machinery and equipment	86,025	8,487	(2,445)	92,067
Intangibles, depreciable	201	18	-	219
Infrastructure	<u>982,126</u>	<u>16,871</u>	<u>-</u>	<u>998,997</u>
Total capital assets being depreciated	<u>1,553,036</u>	<u>34,473</u>	<u>(2,794)</u>	<u>1,584,715</u>
Less accumulated depreciation for:				
Buildings	(59,432)	(4,711)	333	(63,810)
Improvements other than buildings	(91,584)	(12,502)	-	(104,086)
Machinery and equipment	(63,595)	(5,778)	2,381	(66,992)
Intangibles, depreciable	(3)	(41)	-	(44)
Infrastructure	<u>(332,384)</u>	<u>(24,117)</u>	<u>-</u>	<u>(356,501)</u>
Total accumulated depreciation	<u>(546,998)</u>	<u>(47,149)</u>	<u>2,714</u>	<u>(591,433)</u>
Total capital assets being depreciated, net	<u>1,006,038</u>	<u>(12,676)</u>	<u>(80)</u>	<u>993,282</u>
Governmental activities capital assets, net	<u>\$ 1,379,913</u>	<u>\$ 14,113</u>	<u>\$ (16,417)</u>	<u>\$ 1,377,609</u>

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

	Beginning Balance	Additons/ Transfers In	Deletions/ Transfers Out	Ending Balance
Business-type activities:				
Capital assets, not depreciated:				
Land	\$ 51,187	\$ 12,652	\$ -	\$ 63,839
Intangibles, non-depreciable	21,492	-	-	21,492
Construction in progress	308,701	107,253	(65,977)	349,977
Total capital assets not depreciated	<u>381,380</u>	<u>119,905</u>	<u>(65,977)</u>	<u>435,308</u>
Capital assets being depreciated:				
Buildings	270,857	44,638	(116)	315,379
Improvements other than buildings	1,581,730	54,736	(2,556)	1,633,910
Intangibles, depreciable	14,368	7,065	-	21,433
Machinery and equipment	88,307	6,389	(5,423)	89,273
Total capital assets being depreciated	<u>1,955,262</u>	<u>112,828</u>	<u>(8,095)</u>	<u>2,059,995</u>
Less accumulated depreciation for:				
Buildings	(121,421)	(6,788)	115	(128,094)
Improvements other than buildings	(493,491)	(40,776)	2,345	(531,922)
Intangibles, depreciable	(598)	(1,617)	-	(2,215)
Machinery and equipment	(54,205)	(5,744)	4,904	(55,045)
Total accumulated depreciation	<u>(669,715)</u>	<u>(54,925)</u>	<u>7,364</u>	<u>(717,276)</u>
Total capital assets being depreciated, net	<u>1,285,547</u>	<u>57,903</u>	<u>(731)</u>	<u>1,342,719</u>
Business-type activities capital assets, net	<u>\$ 1,665,927</u>	<u>\$ 177,808</u>	<u>\$ (66,708)</u>	<u>\$ 1,778,027</u>

Depreciation expense was charged to various functions as follows:

Governmental activities:	
General government	\$ 5,022
Public safety	5,148
Highway and streets, including general infrastructure	25,295
Culture and recreation	11,684
Total depreciation expense - governmental activities	<u>\$ 47,149</u>
Business-type activities:	
Electric	\$ 30,953
Water	13,510
Sewer	7,025
Airport	707
Refuse	1,211
Transportation	526
Public Parking	993
Total depreciation expense - business-type activities	<u>\$ 54,925</u>

6. Long-Term Obligations

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligations bond	\$ 13,546	\$ -	\$ (979)	\$ 12,567	\$ 1,040
Pension obligation bonds	108,725	31,145	(38,870)	101,000	40,025
Certificates of participation	187,212	-	(5,783)	181,429	5,920
Lease revenue bonds	40,891	-	(1,493)	39,398	1,420
Loan payable	45,574	-	(2,092)	43,482	2,157
Capital leases	14,966	-	(2,960)	12,006	2,769
Compensated absences	22,015	13,567	(13,138)	22,444	13,394
Claims liability	38,795	14,581	(10,107)	43,269	11,315
Judgment	3,334	-	(3,334)	-	-
OPEB obligation	16,361	2,057	(541)	17,877	-
	<u>\$ 491,419</u>	<u>\$ 61,350</u>	<u>\$ (79,297)</u>	<u>\$ 473,472</u>	<u>\$ 78,040</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	\$ 1,239,634	\$ -	\$ (30,783)	\$ 1,208,851	\$ 26,555
Notes payable	37,225	3,081	(2,513)	37,793	2,537
Capital leases	1,720	3,648	(674)	4,694	789
Landfill capping	5,922	-	(236)	5,686	200
Arbitrage liability	15	-	(15)	-	-
Water stock acquisition rights	941	-	(3)	938	150
Compensated absences	8,444	6,954	(7,278)	8,120	6,994
OPEB obligation	13,072	1,659	(436)	14,295	-
	<u>\$ 1,306,973</u>	<u>\$ 15,342</u>	<u>\$ (41,938)</u>	<u>\$ 1,280,377</u>	<u>\$ 37,225</u>

Business-type activities:

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

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

Long-Term Obligations at June 30, 2016:

	<u>Principal Outstanding</u>	<u>Water</u>	
Revenue Bonds:			
<u>Electric</u>			
\$141,840 2008 Electric Refunding/Revenue Bonds; Series A & C. The bonds were issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.1% and 3.2% for the Series A & C bonds, respectively. See Note 10 for information on the swap agreements. Bonds are due in annual installments from \$700 to \$7,835 through October 1, 2035.	112,515	\$58,235 2008 Water Revenue Bonds; Series B fixed rate bonds, 4.0% to 5.0%, due in annual installments from \$1,210 to \$7,505 through October 1, 2038.	\$58,235
\$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	\$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.	12,730
\$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.	3,640	\$67,790 2009 Water Revenue Bonds; Series B fixed rate bonds, 3.3% to 4.1%, due in annual installments from \$2,475 to \$4,985 through October 1, 2039.	67,790
\$140,380 2010 Electric Revenue Bonds; Series A and B fixed rate bonds, 3% to 5.0%, due in annual installments from \$95 to \$33,725 through October 1, 2040.	140,380	\$59,000 2011 Water Refunding/Revenue Bonds; Series A. The bonds were issued at a variable rate; however the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see Note 10. Bonds are due in annual installments from \$600 to \$3,950 through October 1, 2035.	<u>54,725</u>
\$56,450 2011 Electric Revenue Refunding Bonds; Series A. The bonds were issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see Note 10. Bonds are due in annual installments from \$725 to \$5,175 through October 1, 2035.	41,925	Subtotal	<u>193,480</u>
\$79,080 2013 Electric Revenue Refunding Bonds; Series A fixed rate bonds, 3% to 5.25%, due in annual installments from \$795 to \$12,685 through October 1, 2043.	<u>58,635</u>	Add: Unamortized bond premium	<u>2,442</u>
Subtotal	<u>566,835</u>		<u>\$195,922</u>
Add: Unamortized bond premium	<u>8,213</u>	<u>Sewer</u>	
	<u>\$575,048</u>	\$240,910 2009 Sewer Revenue Bonds; Series A & B fixed rate bonds, 3.65% to 5.0%, due in annual installments from \$5,555 to \$13,350 through August 1, 2039.	\$212,130
		On June 15, 2015, the City issued Series 2015A Sewer Revenue Bonds in the amount of \$200,030. A portion of the bond proceeds were used to refund the 2014 Sewer Revenue Bonds short term borrowing, as a result, no economic gain was achieved. Interest on the bonds is payable semi-annually on August 1 and February 1 of each year, commencing August 1, 2015. The rate of interest varies from 4% to 5% per annum depending on maturity date. Principal is payable in annual installments	

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

ranging from \$4,790 to \$14,175 commencing August 1, 2015 and ending August 1, 2040.

200,030

Subtotal 412,160
 Add: Unamortized bond premium 25,721
\$437,881

Total Revenue Bonds \$1,208,851

Remaining revenue bond debt service payments will be made from revenues of the Electric, Water and Sewer Enterprise funds. Annual debt service requirements to maturity are as follows:

Fiscal Year	Electric Utility Fund			Water Utility Fund		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 13,320	\$ 24,863	\$ 38,183	\$ 5,180	\$ 7,814	\$ 12,994
2018	13,795	24,279	38,074	5,415	7,577	12,992
2019	14,445	23,636	38,081	5,635	7,352	12,987
2020	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
2022-2026	86,775	102,985	189,760	33,990	30,773	64,763
2027-2031	106,045	83,014	189,059	41,110	23,417	64,527
2032-2036	130,725	57,166	187,891	49,955	14,297	64,252
2037-2041	163,695	22,967	186,662	40,250	3,234	43,484
2042-2044	7,505	575	8,080	-	-	-
Premium	8,213	-	8,213	2,442	-	2,442
Total	<u>\$ 575,048</u>	<u>\$ 385,057</u>	<u>\$ 960,105</u>	<u>\$ 195,922</u>	<u>\$ 108,473</u>	<u>\$ 304,395</u>

Fiscal Year	Sewer Utility Fund		
	Principal	Interest	Total
2017	\$ 8,055	\$ 19,255	\$ 27,310
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
2022-2026	62,565	78,394	140,959
2027-2031	79,435	61,525	140,960
2032-2036	101,090	39,873	140,963
2037-2041	114,195	13,104	127,299
Premium	25,721	-	25,721
Total	<u>\$ 437,881</u>	<u>\$ 284,840</u>	<u>\$ 722,721</u>

General Obligation Bonds:

Principal
Outstanding

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

\$ 12,430

Add: Unamortized bond premium

137

Total General Obligation Bonds

\$12,567

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
2017	\$ 1,040	\$ 592	\$ 1,632
2018	1,110	544	1,654
2019	1,195	493	1,688
2020	1,290	436	1,726
2021	1,380	373	1,753
2022-2025	6,415	724	7,139
Premium	137	-	137
Total	<u>\$ 12,567</u>	<u>\$ 3,162</u>	<u>\$ 15,729</u>

Pension Obligation Bonds:

Principal
Outstanding

\$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.

\$ 56,600

\$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.

13,255

\$31,145 2016 Taxable Pension Obligation Refunding Bond Anticipation Notes; rate at June 30, 2016 was 0.75%, \$31,145 due June 1, 2017. The refunding transaction did not result in an economic gain.

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

Total Pension Obligation Bonds 31,145
\$101,000

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

Fiscal Year	Principal	Interest	Total
2017	\$ 40,025	\$ 4,280	\$ 44,305
2018	9,920	3,482	13,402
2019	11,035	2,936	13,971
2020	10,760	2,329	13,089
2021	8,815	1,725	10,540
2022-2023	20,445	1,837	22,282
Total	<u>\$ 101,000</u>	<u>\$ 16,589</u>	<u>\$ 117,589</u>

Certificates of Participation:

\$19,945 2006 Galleria at Tyler Public Improvements Certificates of Participation; 4.0% to 5.0%, due in annual installments from \$435 to \$1,270 through September 1, 2036.

Principal
Outstanding

\$17,575

\$128,300 2008 Riverside Renaissance Certificates of Participation; issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.4%. For information on the swap agreement see Note 10. Due in annual installments from \$2,900 to \$7,200 through March 1, 2037.

109,300

\$20,660 2010 Recovery Zone Facility Hotel Project Certificates of Participation; 4.0% to 5.5%, due in annual installments from \$415 to \$1,410 through March 1, 2040.

19,815

\$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

33,950

Subtotal

180,640

Plus: Unamortized bond premium

789

Total Certificates of Participation

\$181,429

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

Fiscal Year	Principal	Interest	Total
2017	\$ 5,920	\$ 7,137	\$ 13,057
2018	6,110	6,922	13,032
2019	6,310	6,700	13,010
2020	6,630	6,451	13,081
2021	6,955	6,188	13,143
2022-2026	38,780	26,602	65,382
2027-2031	47,430	18,160	65,590
2032-2036	48,815	8,066	56,881
2037-2040	13,690	950	14,640
Premium	789	-	789
Total	<u>\$ 181,429</u>	<u>\$ 87,176</u>	<u>\$ 268,605</u>

Lease Revenue Bonds – Governmental Activities:

Principal
Outstanding

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

\$37,245

Add: Unamortized bond premium

2,153

Total Lease Revenue Bonds – Governmental Activities

\$39,398

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:

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 1,420	\$ 1,653	\$ 3,073
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
2022-2026	9,660	5,394	15,054
2027-2031	11,550	3,027	14,577
2032-2034	8,205	501	8,706
Premium	2,153	-	2,153
Total	\$ 39,398	\$ 16,452	\$ 55,850

Fiscal Year	Principal	Interest	Total
2017	\$ 2,157	\$ 1,347	\$ 3,504
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
2022-2026	11,340	4,308	15,648
2027-2031	12,662	2,520	15,182
2032-2035	8,023	516	8,539
Total	\$ 43,482	\$ 13,405	\$ 56,887

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

\$ 2,544

On July 19, 2012, the City secured financing in the amount of \$41,650 with BBVA Compass Bank for the renovation and expansion of the Riverside Convention Center. In March 2014, the financing arrangement with BBVA was increased to \$44,650. The financing consists of an initial 21-month variable rate interest only period during construction that has a swap transaction layered over the remaining 20-year amortization resulting in a “synthetic fixed” rate of 3.24% for 20 of the 22 years. For information on the swap agreement see Note 10. At the end of the construction period, principal and interest are due on the first of each month, with equal payments each year of approximately \$2,850.

40,938

\$43,482

Total Loans Payable – Governmental Activities

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

\$ 1,597

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

1,383

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

20,247

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.

14,566

Total notes payable – Enterprise Funds

\$37,793

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:

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

<u>Sewer Fund</u>			
Fiscal Year	Principal	Interest	Total
2017	\$ 759	\$ 58	\$ 817
2018	774	43	817
2019	788	28	816
2020	326	14	340
2021	333	7	340
Total	<u>\$ 2,980</u>	<u>\$ 150</u>	<u>\$ 3,130</u>

<u>Public Parking Fund</u>			
Fiscal Year	Principal	Interest	Total
2017	\$ 977	\$ 770	\$ 1,747
2018	1,014	732	1,746
2019	1,054	693	1,747
2020	1,095	652	1,747
2021	1,137	609	1,746
2022-2026	6,386	2,348	8,734
2027-2031	7,727	1,006	8,733
2032	857	17	874
Total	<u>\$ 20,247</u>	<u>\$ 6,827</u>	<u>\$ 27,074</u>

<u>Water Fund</u>			
Fiscal Year	Principal	Interest	Total
2017	\$ 801	\$ 242	\$ 1,043
2018	837	228	1,065
2019	873	214	1,087
2020	910	198	1,108
2021	947	183	1,130
2022-2026	5,346	653	5,999
2027-2030	4,852	166	5,018
Total	<u>\$ 14,566</u>	<u>\$ 1,884</u>	<u>\$ 16,450</u>

Contracts – Enterprise Funds:

Principal
Outstanding

Water stock acquisition rights payable on demand to various water companies

\$938

Letters of Credit:

The City's 2008 Certificates of Participation and 2008 Electric Revenue Bonds (Series A and C) require an additional layer of security between the City and the purchaser of the bonds. The City has entered into the following letters of

credit ("LOC") in order to provide liquidity should all or a portion of the debt be optionally tendered to the remarketer without being successfully remarketed:

<u>Debt Issue</u>	<u>LOC Provider</u>	<u>LOC Expiration Date</u>	<u>Annual Commitment Fee</u>
2008 Certificates of Participation	Bank of America, N.A.	2018	0.400%
2008A Electric Revenue Bonds	Barclays Bank, PLC	2017	0.275%
2008C Electric Revenue Bonds	Bank of America, N.A.	2017	0.390%

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

Liquidity advances drawn against the LOC that are not repaid will be converted to an installment loan over a 5-year period. The City would be required to pay \$63,420 a year for 5 years (assuming a 12 percent interest rate) if \$109,300 of 2008 Certificates of Participation and \$112,515 of 2008 Electric Revenue Bonds (Series A and C) were "put" and not resold. No amounts have ever been drawn against the three letters of credit due to a failed remarketing.

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

Capital Leases:

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

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Business-type Activities
Buildings and improvements	\$ 1,103	\$ -
Machinery and equipment	15,334	5,715
Subtotal	16,437	5,715
Less: Accumulated depreciation	(6,286)	(985)
Total	<u>\$ 10,151</u>	<u>\$ 4,730</u>

The future minimum lease obligations as of June 30, 2016 were as follows:

Fiscal Year	Governmental Activities	Business-type Activities
2017	\$ 2,971	\$ 881
2018	2,971	881
2019	2,665	881
2020	1,485	868
2021	1,485	559
Thereafter	1,019	926
Total minimum lease payments	12,596	4,996
Less: Amount representing interest (rates ranging from 1.2% to 9%)	(590)	(302)
Total capital lease payable	<u>\$ 12,006</u>	<u>\$ 4,694</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, 2016:

<u>Governmental long-term obligations:</u>	
Certificates of participation	\$ 10,383
Total	<u>\$ 10,383</u>
<u>Enterprise funds:</u>	
Electric	\$ 10,801
Sewer	20,204
Total	<u>\$ 31,005</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	\$ 126,458	\$ 42,240	\$ 2.99
Water revenues	26,245	13,596	1.93
Sewer revenues	36,548*	29,191	1.25

* 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, 2016 was 100%. The remaining post closure period is currently 14 years.

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

7. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Property insurance coverage has a limit of \$1,000,000, with a deductible of \$100. Earthquake and flood insurance coverage has a limit of \$25,000, with a deductible of 5% for earthquake and \$100 for flood. Workers' compensation insurance coverage has a limit of \$25,000, with a self-insured retention of \$3,000 per occurrence. The City carries commercial 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, 2014	\$ 35,167
Incurred claims (including IBNR's)	11,885
Claim payments and adjustments	<u>(8,257)</u>
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	<u><u>\$ 43,269</u></u>

8. Judgment

In April 2013, the City settled a lawsuit challenging its century-old practice of transferring Water Fund monies to the General Fund. Under the settlement agreement, the General Fund agreed to pay \$10 million over a three year period beginning in fiscal year 2013/14. In fiscal year 2015/16, the General Fund paid the final installment of \$3,334.

9. Other Long-Term Obligations

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

	Beginning Balance	Additions *	Reductions	Ending Balance	Due Within One Year
Redevelopment Agency Bonds	\$ 235,559	\$ -	\$ (9,269)	\$ 226,290	\$ 8,275
Notes Payable	4,902	931	(740)	5,093	393
	<u>\$ 240,461</u>	<u>\$ 931</u>	<u>\$ (10,009)</u>	<u>\$ 231,383</u>	<u>\$ 8,668</u>

* Smith's Foods OPA was reclassified from Accounts Payable to Notes Payable in fiscal year 2015/16 (\$931).

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).

\$ 45

\$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.

15,475

\$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.

2,555

\$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,

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

2025; \$4,980 term bonds at 4.5% due Aug. 1, 2029;
 \$410 term bonds at 4.375% due Aug. 1, 2037. 8,170

\$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. 11,620

\$89,205 University Corridor/Sycamore Canyon Merged
 Project Area, Arlington Project Area, Hunter
 Park/Northside Project Area, Magnolia Center Project
 Area, and La Sierra/Arlanza Project Area 2007 Tax
 Allocation Bonds, Tax-Exempt, Series C, serial bonds
 4.0% to 5.0% due in annual installments from \$50 to
 \$3,210 through Aug. 1, 2025; \$17,955 term bonds at
 4.5% due Aug. 1, 2030; \$47,775 term bonds at 5.0% due
 Aug. 1, 2037. 85,960

\$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. 31,430

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. The
 refunding transaction resulted in an economic gain of
 \$10,312 and a net debt service savings of \$17,345.
 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.

Subtotal 58,845
 Add: Unamortized bond premium 214,100
 Total Redevelopment Agency Bonds 12,190
\$226,290

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
2017	\$ 8,275	\$ 10,892	\$ 19,167
2018	8,920	10,589	19,509
2019	9,320	10,222	19,542
2020	9,830	9,778	19,608
2021	10,805	9,288	20,093
2022-2026	59,140	37,860	97,000
2027-2031	49,980	23,308	73,288
2032-2036	42,735	11,453	54,188
2037-2038	15,095	1,691	16,786
Premium	12,190	-	12,190
Total	<u>\$ 226,290</u>	<u>\$ 125,081</u>	<u>\$ 351,371</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 1,175

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 \$ 5,093

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:

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 393	\$ 360	\$ 753
2018	421	340	761
2019	454	326	780
2020	38	310	348
2021	42	300	342
2022-2026	1,217	1,423	2,640
2027-2031	471	1,238	1,709
2032-2036	777	933	1,710
2037-2038	1,280	430	1,710
Total	<u>\$ 5,093</u>	<u>\$ 5,660</u>	<u>\$ 10,753</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 06/30/16
Property Taxes:			
Non-Housing	\$ 46,045	\$ 14,327	3.21
Housing	9,196	2,586	3.56

* The computations above are based on the total tax increment generated for the year ended June 30, 2016 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, 2016, the City has several series of Assessment District and Community Facility District Bonds outstanding in the amount of \$45,805. 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.

10. Derivative Instruments

Interest Rate Swaps

The City has six cash flow hedging derivative instruments, which are pay-fixed swaps. These swaps were employed as a hedge against debt that was refunded in 2008 and 2011 and against debt issued in 2012. 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, 2016:

	Notional Amount	Fair Value as of 06/30/16	Change in Fair Value for Fiscal Year
Governmental activities			
2008 Renaissance Certificates of Participation	\$ 109,300	\$ (28,518)	\$ (7,504)
2012 Convention Center Financing	38,327	(2,946)	(2,263)
Business-type activities			
2008 Electric Refunding/Revenue Bonds Series A	68,525	(11,984)	(2,887)
2008 Electric Refunding/Revenue Bonds Series C	41,975	(11,122)	(3,508)
2011 Electric Refunding/Revenue Bonds Series A	41,925	(11,095)	(3,508)
2011 Water Refunding/Revenue Bonds Series A	54,725	(12,398)	(3,537)

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

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

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, 2016, 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:	3.11100%	3.20400%	3.20100%
Fixed payment to counterparty	-0.38754%	-0.38845%	-0.25894%
Net interest rate swap payments	2.72346%	2.81555%	2.94206%
Variable rate bond coupon payments	0.28295%	0.28149%	0.10774%
Synthetic interest rate on bonds	3.00641%	3.09704%	3.04980%

	2011 Water Refunding/ Revenue Bonds Series A	2008 Renaissance COPs	2012 Convention Center Financing
	Rates	Rates	Rates
Interest rate swap:	3.20000%	3.36200%	3.24000%
Fixed payment to counterparty	-0.25894%	-0.35455%	-1.64516%
Net interest rate swap payments	2.94106%	3.00745%	1.59484%
Variable rate bond coupon payments	0.15580%	0.30823%	1.64516%
Synthetic interest rate on bonds	3.09686%	3.31568%	3.24000%

Fair Value: As of June 30, 2016, in connection with all swap arrangements, the transactions had a combined net negative fair value of (\$78,063). 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, 2016, 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,

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

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, 2016, 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
2017	\$ 5,964	\$ 1,460	\$ 10,389	\$ 17,813
2018	7,217	1,419	10,210	18,846
2019	13,516	1,368	9,881	24,765
2020	16,610	1,298	9,428	27,336
2021	17,262	1,231	8,946	27,439
2022-2026	87,184	5,073	37,271	129,528
2027-2031	98,077	3,112	24,501	125,690
2032-2036	106,373	970	9,160	116,503
2037-2040	7,200	17	165	7,382
Total	<u>\$ 359,403</u>	<u>\$ 15,948</u>	<u>\$ 119,951</u>	<u>\$ 495,302</u>

11. Economic Contingency

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

12. Interfund Assets, Liabilities and Transfers

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

The following table shows amounts receivable/payable between funds within the City at June 30, 2016:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 982
	Nonmajor Enterprise Funds	582
		<u>1,564</u>
Electric Fund	Central Stores Fund *	418
Water Fund	Central Stores Fund *	179
Total		<u>\$ 2,161</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, 2016:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 10,084
	Water Fund	4,338
	Sewer Fund	2,775
	Nonmajor Governmental Funds	462
	Nonmajor Enterprise Funds	1,865
	Self-Insurance Trust Fund *	182
	Central Stores Fund *	191
	Central Garage Fund *	860
		<u>20,757</u>
Sewer Fund	Nonmajor Governmental Funds	5,984
Self-Insurance Trust Fund *	Nonmajor Enterprise Funds	218
	Central Garage Fund *	1,014
		<u>1,232</u>
Central Garage Fund *	Nonmajor Governmental Funds	3,460
		<u>\$ 31,433</u>

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

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	\$ 582
Nonmajor Governmental Funds	32,470
Electric	5,113
Self-Insurance Trust *	4,240
Total	<u>\$ 42,405</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, 2016:

<u>Transfers In Funds</u>	<u>Transfers Out Funds</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 38,360
	Water Fund	6,430
		<u>44,790</u>
Capital Outlay Fund	Nonmajor Governmental Funds	<u>58</u>
Nonmajor Governmental Funds	General Fund	12,693
	Capital Outlay Fund	3,105
	Nonmajor Enterprise Funds	738
		<u>16,536</u>
Water Fund	General Fund	<u>3,333</u>
Sewer Fund	General Fund	3
	Capital Outlay Fund	51
	Nonmajor Governmental Funds	207
		<u>261</u>
Nonmajor Enterprise Funds	General Fund	<u>718</u>
	Total	<u>\$ 65,696</u>

13. Deficit Net Position

Deficit net position exists in the Transportation Fund (\$468). Staff is working with its transportation funding partner, the Riverside County Transportation Commission (RCTC), to resolve this funding shortfall. It is anticipated that the deficit will be reduced through the identification of additional funding sources over the next few years.

Deficit net position exists in the Self-Insurance Internal Service Fund (\$31,763). In order to begin funding a portion of the deficit in the internal service fund, self-insurance rates were increased in the prior year with additional increases to occur over the next five 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 over the next few years as needed to match expected long-term payment requirements. Additionally, management is working on a reserve policy that will address current and future funding needs.

Deficit net position exists in the Successor Agency Private-Purpose Trust Fund (\$178,009). The deficit in the Successor Agency Trust Fund will be reduced over the years as the related debt is paid-off with funds received from the Redevelopment Property Tax Trust Fund (RPTTF), which is administered by the County Auditor-Controller.

14. Litigation

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

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

15. City Employees Retirement Plan

(A) Plan Description. The City of Riverside contributes to the California Public Employees Retirement System (CalPERS), an agent multiple employer public employee defined benefit pension plan. CalPERS provides retirement and

disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. 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.

(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):

- 1st 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.
- 2nd 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.
- 3rd 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):

- 1st 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.
- 2nd 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.
- 3rd 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:

- 1st 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% in fiscal year 2015/16, with the City paying the remaining 2% of the employee share.
- 2nd 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.
- 3rd Tier – The retirement formula is 2% at age 62 for new members hired on or after January 1, 2013 and the employee must pay the employee share ranging from 7-8% based on bargaining group classification. Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

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

(C) 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 1,889 and 700 for the Miscellaneous and Safety Plans, respectively. Inactive employees entitled to but not yet receiving benefits are 1,283 and 160 for Miscellaneous and Safety Plans, respectively. Active employees were 1,550 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

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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, 2014 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
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 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	19.00%	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	2.00%	-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

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

(G) Changes in the Net Pension Liability

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

<i>Miscellaneous</i>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$ 1,204,099	\$ 973,650	\$ 230,449
Changes in the year:			
Service Cost	22,228	-	22,228
Interest on Total Pension Liability	87,436	-	87,436
Changes of Assumptions	(21,782)	-	(21,782)
Differences between Expected and Actual Experience	(23,549)	-	(23,549)
Contribution - employer	-	25,997	(25,997)
Contribution - employee	-	4,379	(4,379)
Net Investment Income	-	21,671	(21,671)
Benefit Payments, including Refunds of Employee Contributions	(53,853)	(53,853)	-
Administrative Expenses	-	(1,057)	1,057
Net Changes	10,480	(2,863)	13,343
Balance at June 30, 2016	<u>\$ 1,214,579</u>	<u>\$ 970,787</u>	<u>\$ 243,792</u>

Safety

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$ 882,153	\$ 711,642	\$ 170,511
Changes in the year:			
Service Cost	18,187	-	18,187
Interest on Total Pension Liability	64,815	-	64,815
Changes of Assumptions	(16,117)	-	(16,117)
Differences between Expected and Actual Experience	(6,835)	-	(6,835)
Contribution - employer	-	23,384	(23,384)
Contribution - employee	-	924	(924)
Net Investment Income	-	15,632	(15,632)
Benefit Payments, including Refunds of Employee Contributions	(42,076)	(42,076)	-
Administrative Expenses	-	(816)	816
Net Changes	17,974	(2,952)	20,926
Balance at June 30, 2016	<u>\$ 900,127</u>	<u>\$ 708,690</u>	<u>\$ 191,437</u>

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

<i>Miscellaneous</i>	Current		
	Discount Rate -1% (6.65%)	Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability/(Asset)	\$ 409,730	\$ 243,791	\$ 107,363

<i>Safety</i>	Current		
	Discount Rate -1% (6.65%)	Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability/(Asset)	\$ 314,293	\$ 191,437	\$ 90,643

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

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

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

For the year ended June 30, 2016, the City recognized pension expense of \$28,545. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Miscellaneous</i>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date, net	\$ 29,828	\$ -
Differences between actual and actuarial determined contribution	9,357	-
Changes of assumptions	-	(14,756)
Differences between expected and actual experience	-	(15,952)
Net differences between projected and actual earnings on plan investments	41,287	(49,946)
Total	\$ 80,472	\$ (80,654)

<i>Safety</i>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date, net	\$ 26,849	\$ -
Differences between actual and actuarial determined contributions	8,810	-
Changes of assumptions	-	(12,535)
Differences between expected and actual experience	-	(5,316)
Net differences between projected and actual earnings on plan investments	30,417	(36,710)
Total	\$ 66,076	\$ (54,561)

\$56,677 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, 2017.

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:

<u>Deferred Outflows of Resources</u>		
<u>Fiscal Year</u>	<u>Miscellaneous</u>	<u>Safety</u>
2017	\$ 14,411	\$ 10,794
2018	14,411	10,307
2019	11,500	9,802
2020	10,322	8,324
Total	\$ 50,644	\$ 39,227

<u>Deferred Inflows of Resources</u>		
<u>Fiscal Year</u>	<u>Miscellaneous</u>	<u>Safety</u>
2017	\$ (31,271)	\$ (17,338)
2018	(31,271)	(17,338)
2019	(18,112)	(17,338)
2020	-	(2,547)
Total	\$ (80,654)	\$ (54,561)

16. Other Post-Employment Benefits

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

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

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

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

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

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, 2016 was \$4,076, which consisted of normal cost of \$1,975 and UAAL amortization of \$2,101. The ARC as a percentage of payroll was 2.5% for the year ended June 30, 2016.

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, 2016:

Annual required contribution	\$ 4,076
Interest on net OPEB obligation	1,177
Amortization of net OPEB obligation	(1,537)
Annual OPEB cost	<u>3,716</u>
Less contributions made	<u>(977)</u>
Increase in net OPEB obligation	2,739
Net OPEB liability, beginning of year	29,433
Net OPEB liability, end of year	<u>\$ 32,172</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
2014	\$4,913	\$1,232	25%
2015	5,061	1,431	28%
2016	4,076	977	24%

Fiscal Year	Annual OPEB Cost	% of OPEB Cost Contributed	Net OPEB Obligation
2014	\$4,756	26%	\$25,842
2015	5,022	28%	29,433
2016	3,716	26%	32,172

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%

17. Commitments and Contingencies

A. Long-Term Electric Utility Commitments

Intermountain Power Agency

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

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

City of Riverside
Notes to Basic Financial Statements
For the year ended June 30, 2016

(amounts expressed in thousands)

Southern California Public Power Authority

On November 1, 1980, the City of Riverside joined with the Imperial Irrigation District and the cities of Los Angeles, Anaheim, Vernon, Azusa, Banning, Colton, Burbank, Glendale and Pasadena to create the Southern California Public Power Authority (SCPPA) by a Joint Powers Agreement under the laws of the State of California. As of July 2001, the City of Cerritos was admitted as a member. The primary purpose of SCPPA is to plan, finance, develop, acquire, construct, operate and maintain projects for the generation and transmission of electric energy for sale to its participants. SCPPA is governed by a Board of Directors, which consists of one representative for each of the members. During fiscal years ended June 30, 2016 and 2015, the Electric Utility paid approximately \$22,928 and \$22,058, respectively, to SCPPA under various take-or-pay and renewable contracts. These payments are reflected as a component of maintenance and operation expense in the financial statements.

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

<u>Project</u>	<u>Percent Share</u>	<u>Entitlement</u>
Palo Verde Nuclear Generating Station (PV)	5.4%	12.3MW
Southern Transmission System (STS)	10.2%	244.0MW
Hoover Dam Upgrading (Hoover)	31.9%	30.0MW
Mead – Phoenix Transmission (MPP)	4.0%	18.0MW
Mead – Adelanto Transmission (MAT)	13.5%	118.0MW

Terms of Take or Pay Commitments

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

Outstanding debts associated with the take-or-pay obligations have variable interest rates for the Palo Verde Nuclear Generating Station Project and the remaining projects have fixed interest rates which range from 0.47 percent to 6.13 percent. The schedule below details the amount of principal and interest that is due and payable by the Electric Utility as part of the take-or-pay contract for each project in the fiscal year indicated.

Fiscal Year	SCPPA						Total
	IPA	PV	STS	Hoover	MPP	MAT	
2017	\$ 11,651	\$ 675	\$ 8,212	\$ 701	\$ 262	\$ 2,951	\$ 24,452
2018	17,007	679	8,049	699	258	2,909	29,601
2019	18,603	-	7,956	-	257	2,881	29,697
2020	18,095	-	6,976	-	254	2,859	28,184
2021	16,470	-	8,302	-	189	2,136	27,097
Thereafter	20,846	-	37,987	-	-	-	58,833
Total	<u>\$ 102,672</u>	<u>\$ 1,354</u>	<u>\$ 77,482</u>	<u>\$ 1,400</u>	<u>\$ 1,220</u>	<u>\$ 13,736</u>	<u>\$ 197,864</u>

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

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

In addition to debt service, Riverside's entitlements require the payment of fuel costs, operating and maintenance, administrative and general and other miscellaneous costs associated with the generation and transmission 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, 2016 and 2015, are as follows (in thousands):

Fiscal Year	IPA	PV	STS	Hoover	MPP	MAT	Total
2016	\$ 22,667	\$ 3,601	\$ 3,001	\$ 81	\$ 34	\$ 377	\$ 29,761
2015	23,426	2,628	2,731	113	145	285	29,328

These costs are reflected as a component of maintenance and operation expense on the statement of revenues, expenses and changes in net position.

B. Other Commitments

Power Purchase Agreements:

The Electric Utility Fund has a firm power purchase agreement with Bonneville Power Administration (BPA) for the purchase of capacity (50 megawatts during the summer months and 13 megawatts during the winter months) beginning April 30, 1996, for 20 years. Effective May 1, 1998, these summer and winter capacity amounts increased to 60 megawatts and 15 megawatts, respectively, for the remainder of the second agreement. On January 29, 2013, Riverside revised the delivery and return portion of the agreement to allow for a flat 40 MW of delivery during May and June through calendar year 2013, 2014 and 2015. The Agreement with BPA terminated on May 1, 2016.

On April 12, 2011, the California Renewable Energy Resources Act (SB 2 (1X)) was passed by the State Legislative and signed by the Governor. SB 2 (1X) revised the amount of statewide retail electricity sales from renewable resources in the State Renewable Energy Resources Program to 33% by December 31, 2020 in three stages: average of 20% of retail sales during 2011-2013; 25% of retail sales by December 31, 2016; and 33% of retail sales by December 31, 2020. The Riverside Public Utilities Board and City Council approved the enforcement program required by SB 2 (1X) on November 18, 2011 and December 13, 2011, respectively, and further approved the City's RPS Procurement plan implementing the new RPS mandates on May 3, 2013 and May 14, 2013, respectively. It is expected that the City will be able to meet the new mandates with new resource procurement actions as outlined in the City's RPS Procurement Plan. For Calendar year 2015, renewable resources provided 22% of retail sales requirements.

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

Long-term renewable power purchase agreements:

Supplier	Type	Maximum Contract *	Contract Expiration	Estimated Annual Cost for 2017
Salton Sea Power LLC	Geothermal	46.0 MW	05/31/20	\$ 28,309
Wintec	Wind	1.3 MW	12/30/18	239
WKN Wagner	Wind	6.0 MW	12/22/32	1,274
AP North Lake	Photovoltaic	20.0 MW	08/11/40	4,487
Dominion Columbia II	Photovoltaic	11.1 MW	12/31/34	2,314
Cabazon Wind	Wind	39.0 MW	01/01/25	4,299
First Solar - Kingbird B	Photovoltaic	14.0 MW	12/31/36	2,867
FTP Solar - Summer Solar	Photovoltaic	10.0 MW	12/31/41	1,748
FTP Solar - Antelope	Photovoltaic	10.0 MW	12/31/41	1,599
Solar Star - Tequesquite	Photovoltaic	7.3 MW	12/31/40	11,301
CalEnergy - Salton Sea Phase I	Geothermal	20.0 MW	12/31/39	11,830
		<u>184.7</u>		<u>\$ 70,267</u>

Supplier	Type	Maximum Contract *	Expected Delivery	Energy Delivery No Later Than	Contract Term In Years
Cal Energy - Salton Sea Phase 2	Geothermal	20	01/01/19	01/01/19	21
Cal Energy - Salton Sea Phase 3	Geothermal	46	06/01/20	06/01/20	20
FTO Solar Power - Antelope DSR1	Geothermal	<u>25</u>	12/31/16	06/30/17	20
		<u>91</u>			

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

Construction Commitments:

As of June 30, 2016, the Sewer and Electric Utilities Funds had approximately \$29 million and \$8 million, respectively, in major construction commitments related to unfinished capital projects. These construction commitments are expected to be funded primarily with current and future bond proceeds.

C. Jointly-Owned Utility Project - SONGS

The City has a 1.79% undivided ownership interest in Units 2 and 3 of SONGS, located south of the City of San Clemente in northern San Diego County;

however, on June 7, 2013, Southern California Edison (SCE) announced in a press release its plan to retire Units 2 and 3 of SONGS permanently. Consequently, the units are no longer a source of supply for the Electric Utility, but remain associated with certain of its costs, including those associated with the units' shutdown and decommissioning.

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

In 2005, the CPUC authorized a project to install four new steam generators in Units 2 and 3 at SONGS and remove and dispose of the predecessor generators. SCE completed the installation of these steam generators in 2010 and 2011 for Units 2 and 3, respectively. Replacement of the steam generators was expected to enable plant operations to continue through at least 2022, and perhaps beyond, subject to the approval of the Nuclear Regulatory Commission (NRC).

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

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

As a result of SCE's decision to permanently retire SONGS Units 2 and 3, SCE has begun the decommissioning phase of the plant. The process of decommissioning a nuclear power plant is governed by NRC regulations. The regulations categorize the decommissioning activities into three phases: initial activities, major decommissioning and storage activities, and license termination. Initial activities include providing notice of permanent cessation of operations (accomplished on June 12, 2013) and notice of permanent

removal of fuel from the reactor vessels (provided by SCE to the NRC on June 28 and July 22, 2013 for Units 3 and 2, respectively). Within two years after the announcement of retirement, SCE, as the operating licensee must submit a post-shutdown decommissioning activities report, an irradiated fuel management plan and a site-specific decommissioning cost estimate. SCE submitted these documents to the NRC in the summer of 2014. As of August 2015, the NRC concluded their regulatory review process and accepted the regulatory filings without revision. SCE has now obtained the required regulatory approvals from the NRC to begin the decommissioning process. According to the document, total decommissioning costs for Units 2 and 3 are estimated at \$4.4 million of which the Utility's share is \$79 million.

As of June 30, 2016, the Utility has set aside \$80 million in cash investments with the trustee and \$5 million in an internally restricted decommissioning reserve for the City's share of the decommissioning costs.

There are no separate financial statements for the jointly-owned utility plant since each participant's interests in the utility plant and operating expenses are included in their respective financial statements. The Electric Utility's portion of current and long-term debt associated with the decommissioning of SONGS is included in the accompanying financial statements.

Replacement Power Costs

During the outage, the City has procured replacement power to serve its customers' requirements. These costs are in addition to the operating and maintenance expenses paid annually during normal operations. Replacement power costs incurred by the City as a result of the outage (commencing on January 31, 2012 for Unit 3 and March 5, 2012 for Unit 2) were approximately \$13.2 million and are reported as regulatory assets on the Statements of Net Position. During fiscal year June 30, 2016, the regulatory asset created was fully expensed as current rate revenues were adequate to absorb the previously incurred costs thus no longer requiring them to be deferred. The Electric Utility is in the process of calculating any additional costs associated with the unexpected shutdown of SONGS and will seek recovery of any such costs, as set forth herein.

Contractual Matters

The replacement steam generators for Units 2 and 3 were designed and manufactured by Mitsubishi Heavy Industries (MHI) and were warranted for an initial period of 20 years from acceptance. MHI was contractually obligated to repair or replace defective items and to pay specified damages for certain

repairs. MHI's liability under the purchase agreement is limited to \$138 million and excludes consequential damages, defined to include "the cost of replacement power." The limitations are subject to certain exceptions.

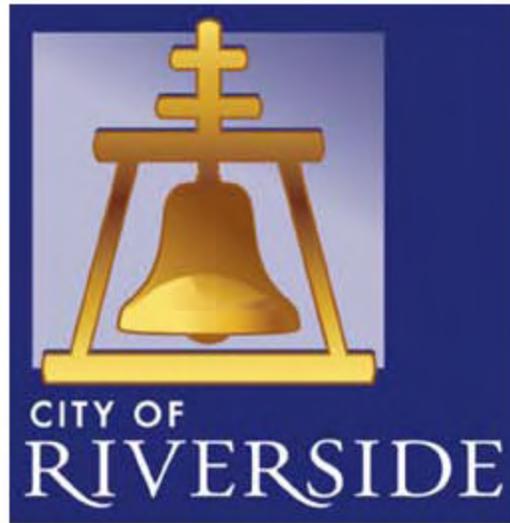
There are insurance policies for both property damage and accidental outage issued by Nuclear Electric Insurance Limited (NEIL), and SCE has notified NEIL of claims under the two policies. On October 12, 2015, the owners of SONGS reached a \$400,000 settlement with NEIL for the outages caused by the failures of replacement steam generators. The Electric Utility's allocation of the settlement was \$7,160 and was used to offset the remaining portion of the regulatory asset expensed in fiscal year ended June 30, 2016. The owners of SONGS will continue to seek additional damages for the defective steam generators supplied by MHI and Mitsubishi Nuclear Energy Systems.

As a result of the decision by SCE to permanently retire Units 2 and 3 of SONGS prior to the expiration of the NRC licenses, the City expects to incur certain costs resulting from the early termination of long-term uranium fuel supply contracts. The Utility is in the process of calculating those damages in preparation for arbitration between SCE and MHI and will seek recovery of all such damages in that venue.

18. Subsequent Event

Measure Z

The City placed a general purpose tax measure on the November 8, 2016 ballot in hopes to raise the City of Riverside's local sales tax one penny per dollar, to 9 percent, to 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 \$50 million annually specifically for the City of Riverside's General Fund, which pays for most services.



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*

	2015-16		2014-15	
	Miscellaneous	Safety	Miscellaneous	Safety
TOTAL PENSION LIABILITY				
Service Cost	\$ 22,228	\$ 18,187	\$ 23,320	\$ 18,818
Interest	87,436	64,815	84,965	62,249
Changes of Assumptions	(21,782)	(16,117)	-	-
Difference Between Expected and Actual Experience	(23,548)	(6,835)	-	-
Benefit Payments, Including Refunds and Employee Contribution	(53,853)	(42,076)	(50,770)	(38,981)
Net Change in Total Pension Liability	\$ 10,481	\$ 17,974	\$ 57,515	\$ 42,086
Total Pension Liability - Beginning	1,204,098	882,153	1,146,583	840,067
Total Pension Liability - Ending (a)	\$ 1,214,579	\$ 900,127	\$ 1,204,098	\$ 882,153
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 25,996	\$ 23,384	\$ 27,583	\$ 23,156
Contributions - Employee	4,380	924	2,294	365
Net Investment Income	21,671	15,632	145,843	107,032
Benefit Payments, Including Refunds and Employee Contribution	(53,853)	(42,076)	(50,770)	(38,981)
Administrative and Other Expenses	(1,056)	(816)	-	-
Net Change in Fiduciary Net Position	\$ (2,862)	\$ (2,952)	\$ 124,950	\$ 91,572
Plan Fiduciary Net Position - Beginning	973,649	711,641	848,699	620,069
Plan Fiduciary Net Position - Ending (b)	970,787	708,689	973,649	711,641
Plan Net Pension Liability Ending (a)-(b)	\$ 243,792	\$ 191,438	\$ 230,449	\$ 170,512
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.93%	78.73%	80.86%	80.67%
Total - Employee Payroll	\$ 111,558	\$ 86,310	\$ 108,077	\$ 82,847
Net Pension Liability as a Percentage of Total - Employee Payroll	218.53%	221.80%	213.23%	205.82%

* - 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, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit also known as Golden Handshakes.

Changes of Assumptions: The discount rate was reduced from 7.5% (net of administrative expenses) to 7.65%

City of Riverside
Required Supplementary Information - Unaudited

Schedule of Plan Contributions (Thousands)

Last 10 Years *

	2015-16 *		2014-15 *		2013-14 *	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
Actuarially Determined Contribution	\$21,063	\$ 18,452	\$ 20,505	\$ 17,341	\$ 21,634	\$ 18,379
Contributions in Relation to the Actuarially Determined Contribution	(21,063)	(18,452)	(20,505)	(17,341)	(21,634)	(18,379)
Contribution Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total - Employee Payroll	\$111,558	\$86,310	\$108,077	\$82,847	\$104,052	\$81,445
Contributions as a Percentage of Total - Employee Payroll	18.88%	21.38%	18.97%	20.93%	20.79%	22.57%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were from the June 30, 2012 public agency valuations.

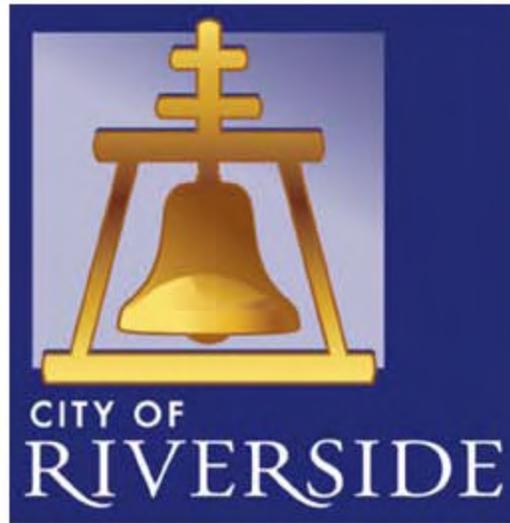
Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative 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, 2016
(amounts expressed in thousands)

Special Revenue							
Assets	Urban Areas Security Initiative	Gas Tax	Air Quality Improvements	Housing & Community Development	NPDES Storm Drain	Housing	Total
Cash and investments	\$ 26	\$ 17,365	\$ 760	\$ 1,461	\$ -	\$ 5,173	\$ 24,785
Cash and investments at fiscal agent	-	-	-	-	-	-	-
Receivable (net of allowance for uncollectibles):							
Interest	-	41	2	6	-	13	62
Accounts	-	-	-	2	-	-	2
Intergovernmental	370	110	98	2,482	1,137	-	4,197
Notes	-	-	-	13,616	-	23,475	37,091
Prepaid items	24	-	-	-	-	-	24
Advances to Successor Agency Trust Fund	-	-	-	-	-	14,147	14,147
Land & improvements held for resale	-	-	-	443	-	2,764	3,207
Total assets	<u>\$ 420</u>	<u>\$ 17,516</u>	<u>\$ 860</u>	<u>\$ 18,010</u>	<u>\$ 1,137</u>	<u>\$ 45,572</u>	<u>\$ 83,515</u>
Liabilities							
Accounts payable	\$ 81	\$ 459	\$ 19	\$ 814	\$ -	\$ 25	\$ 1,398
Retainage payable	-	220	-	-	-	-	220
Unearned revenue	-	-	-	-	-	-	-
Due to other funds	339	-	-	-	624	-	963
Advance from other funds	-	-	-	462	-	-	462
Total liabilities	<u>420</u>	<u>679</u>	<u>19</u>	<u>1,276</u>	<u>624</u>	<u>25</u>	<u>3,043</u>
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	14,060	-	23,475	37,535
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,060</u>	<u>-</u>	<u>23,475</u>	<u>37,535</u>
Fund Balances (Deficits)							
Nonspendable:							
Advances	-	-	-	-	-	-	-
Restricted for:							
Housing and redevelopment	-	-	-	2,674	-	22,072	24,746
Transportation and public works	-	16,837	841	-	513	-	18,191
Total fund balances	<u>-</u>	<u>16,837</u>	<u>841</u>	<u>2,674</u>	<u>513</u>	<u>22,072</u>	<u>42,937</u>
Total liabilities deferred inflows of resources, and fund balances	<u>\$ 420</u>	<u>\$ 17,516</u>	<u>\$ 860</u>	<u>\$ 18,010</u>	<u>\$ 1,137</u>	<u>\$ 45,572</u>	<u>\$ 83,515</u>

City of Riverside
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(amounts expressed in thousands)

	Capital Projects				General Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
	Special Capital Improvement	Storm Drain	Transportation	Total		Library Special	
Assets							
Cash and investments	\$ 4,126	\$ 897	\$ -	\$ 5,023	\$ 917	\$ 1,619	\$ 32,344
Cash and investments at fiscal agent	4,560	-	-	4,560	10,331	-	14,891
Receivable (net of allowance for uncollectibles):							
Interest	11	2	-	13	4	-	79
Accounts	-	-	-	-	28	-	30
Intergovernmental	-	290	31	321	-	-	4,518
Notes	-	-	-	-	-	-	37,091
Prepaid items	-	-	-	-	-	-	24
Advances to Successor Agency Trust Fund	-	-	-	-	18,323	-	32,470
Land & improvements held for resale	-	-	-	-	-	-	3,207
Total assets	<u>\$ 8,697</u>	<u>\$ 1,189</u>	<u>\$ 31</u>	<u>\$ 9,917</u>	<u>\$ 29,603</u>	<u>\$ 1,619</u>	<u>\$ 124,654</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 113	\$ -	\$ 1,511
Retainage payable	15	-	-	15	-	-	235
Unearned revenue	-	68	-	68	-	-	68
Due to other funds	-	-	19	19	-	-	982
Advance from other funds	6,175	-	-	6,175	3,269	-	9,906
Total liabilities	<u>6,190</u>	<u>68</u>	<u>19</u>	<u>6,277</u>	<u>3,382</u>	<u>-</u>	<u>12,702</u>
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	-	-	-	37,535
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,535</u>
Fund Balances (Deficits)							
Nonspendable:							
Advances	-	-	-	-	-	-	-
Permanent fund principal	-	-	-	-	-	1,619	1,619
Restricted for:							
Housing and redevelopment	-	-	-	-	-	-	24,746
Debt service	-	-	-	-	26,221	-	26,221
Transportation and public works	-	-	12	12	-	-	18,203
Other purposes	2,507	1,121	-	3,628	-	-	3,628
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>2,507</u>	<u>1,121</u>	<u>12</u>	<u>3,640</u>	<u>26,221</u>	<u>1,619</u>	<u>74,417</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,697</u>	<u>\$ 1,189</u>	<u>\$ 31</u>	<u>\$ 9,917</u>	<u>\$ 29,603</u>	<u>\$ 1,619</u>	<u>\$ 124,654</u>

City of Riverside
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Special Revenue						
	Urban Area Security Initiative	Gas Tax	Air Quality Improvement	Housing & Community Development	NPDES Storm Drain	Housing	Total
Revenues							
Intergovernmental	\$ 963	\$ 6,747	\$ 400	\$ 7,476	\$ -	\$ -	\$ 15,586
Fines and forfeitures	-	-	-	-	-	1	1
Special assessments	-	-	-	-	1,137	-	1,137
Rental and investment income	-	242	10	43	-	198	493
Miscellaneous	-	-	230	237	-	298	765
Total revenues	<u>963</u>	<u>6,989</u>	<u>640</u>	<u>7,756</u>	<u>1,137</u>	<u>497</u>	<u>17,982</u>
Expenditures							
Current:							
General government	-	-	528	1,122	-	1,503	3,153
Public safety	963	-	-	-	-	-	963
Capital outlay	-	6,788	-	6,395	1,057	-	14,240
Debt service:							
Interest	-	-	-	10	-	-	10
Total expenditures	<u>963</u>	<u>6,788</u>	<u>528</u>	<u>7,527</u>	<u>1,057</u>	<u>1,503</u>	<u>18,366</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>201</u>	<u>112</u>	<u>229</u>	<u>80</u>	<u>(1,006)</u>	<u>(384)</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	201	112	229	80	(1,006)	(384)
Fund balances - beginning	-	16,636	729	2,445	433	23,078	43,321
Fund balances - ending	<u>\$ -</u>	<u>\$ 16,837</u>	<u>\$ 841</u>	<u>\$ 2,674</u>	<u>\$ 513</u>	<u>\$ 22,072</u>	<u>\$ 42,937</u>

City of Riverside
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Capital Projects				General Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
	Special Capital Improvement	Storm Drain	Transportation	Total		Library Special	
Revenues							
Licenses and permits	\$ 2,356	\$ 178	\$ -	\$ 2,534	\$ -	\$ -	\$ 2,534
Intergovernmental	-	222	165	387	-	-	15,973
Fines and forfeitures	-	-	-	-	3	-	4
Special assessments	-	-	-	-	1,069	-	2,206
Rental and investment income	65	25	-	90	1,541	12	2,136
Miscellaneous	6,225	-	-	6,225	459	152	7,601
Total revenues	<u>8,646</u>	<u>425</u>	<u>165</u>	<u>9,236</u>	<u>3,072</u>	<u>164</u>	<u>30,454</u>
Expenditures							
Current:							
General government	1,128	16	-	1,144	25	-	4,322
Public safety	-	-	-	-	-	-	963
Culture and recreation	-	-	-	-	-	170	170
Capital outlay	2,503	3,850	31	6,384	-	-	20,624
Debt service:							
Principal	-	-	-	-	8,815	-	8,815
Interest	65	-	-	65	10,750	-	10,825
Total expenditures	<u>3,696</u>	<u>3,866</u>	<u>31</u>	<u>7,593</u>	<u>19,590</u>	<u>170</u>	<u>45,719</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,950</u>	<u>(3,441)</u>	<u>134</u>	<u>1,643</u>	<u>(16,518)</u>	<u>(6)</u>	<u>(15,265)</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	16,536	-	16,536
Transfers out	(156)	(51)	(58)	(265)	-	-	(265)
Total other financing sources (uses)	<u>(156)</u>	<u>(51)</u>	<u>(58)</u>	<u>(265)</u>	<u>16,536</u>	<u>-</u>	<u>16,271</u>
Net change in fund balances	4,794	(3,492)	76	1,378	18	(6)	1,006
Fund balances - beginning	(2,287)	4,613	(64)	2,262	26,203	1,625	73,411
Fund balances - ending	<u>\$ 2,507</u>	<u>\$ 1,121</u>	<u>\$ 12</u>	<u>\$ 3,640</u>	<u>\$ 26,221</u>	<u>\$ 1,619</u>	<u>\$ 74,417</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, 2016
(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
Revenues									
Intergovernmental	\$ 3,088	\$ 963	\$ (2,125)	\$ 6,608	\$ 6,747	\$ 139	\$ 360	\$ 400	\$ 40
Rental and investment income	-	-	-	150	242	92	-	10	10
Miscellaneous	-	-	-	-	-	-	254	230	(24)
Total revenues	<u>3,088</u>	<u>963</u>	<u>(2,125)</u>	<u>6,758</u>	<u>6,989</u>	<u>231</u>	<u>614</u>	<u>640</u>	<u>26</u>
Expenditures									
Current:									
General government	-	-	-	-	-	-	997	528	469
Public safety	3,099	963	2,136	-	-	-	-	-	-
Capital outlay	-	-	-	22,015	6,788	15,227	-	-	-
Total expenditures	<u>3,099</u>	<u>963</u>	<u>2,136</u>	<u>22,015</u>	<u>6,788</u>	<u>15,227</u>	<u>997</u>	<u>528</u>	<u>469</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11)</u>	<u>-</u>	<u>11</u>	<u>(15,257)</u>	<u>201</u>	<u>15,458</u>	<u>(383)</u>	<u>112</u>	<u>495</u>
Other financing sources (uses)									
Capital lease financings	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(11)	-	11	(15,257)	201	15,458	(383)	112	495
Fund balances (deficit), beginning	-	-	-	16,636	16,636	-	729	729	-
Fund balances (deficit), ending	<u>\$ (11)</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 1,379</u>	<u>\$ 16,837</u>	<u>\$ 15,458</u>	<u>\$ 346</u>	<u>\$ 841</u>	<u>\$ 495</u>

(continued)

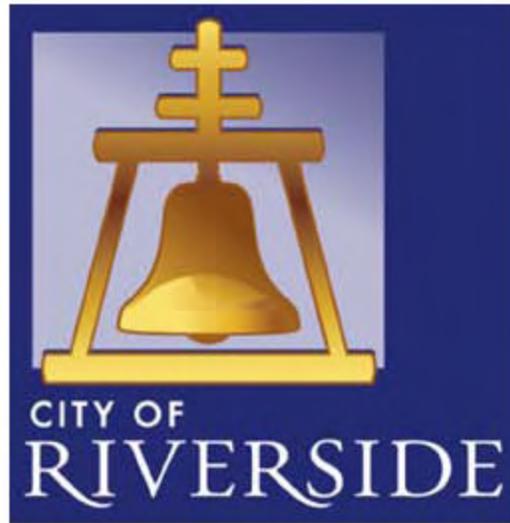
City of Riverside
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	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
Revenues									
Intergovernmental	\$ 8,974	\$ 7,476	\$ (1,498)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-	1	1
Special assessments	-	-	-	1,082	1,137	55	-	-	-
Rental and investment income	25	43	18	-	-	-	-	198	198
Miscellaneous	273	237	(36)	-	-	-	-	298	298
Total revenues	<u>9,272</u>	<u>7,756</u>	<u>(1,516)</u>	<u>1,082</u>	<u>1,137</u>	<u>55</u>	<u>-</u>	<u>497</u>	<u>497</u>
Expenditures									
Current:									
General government	2,290	1,122	1,168	-	-	-	2,270	1,503	767
Capital outlay	18,521	6,395	12,126	1,849	1,057	792	-	-	-
Debt service:									
Principal	29	-	29	-	-	-	-	-	-
Interest	12	10	2	-	-	-	6	-	6
Bond issuance costs	-	-	-	-	-	-	-	-	-
Total expenditures	<u>20,852</u>	<u>7,527</u>	<u>13,325</u>	<u>1,849</u>	<u>1,057</u>	<u>792</u>	<u>2,276</u>	<u>1,503</u>	<u>773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,580)</u>	<u>229</u>	<u>(11,351)</u>	<u>(767)</u>	<u>80</u>	<u>847</u>	<u>(2,276)</u>	<u>(1,006)</u>	<u>1,270</u>
Other financing sources (uses)									
Transfers, net	-	-	-	-	-	-	1,224	-	-
Gain (loss) on retirement of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,224</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(11,580)	229	(11,351)	(767)	80	847	(1,052)	(1,006)	1,270
Fund balances (deficit), beginning	2,445	2,445	-	433	433	-	23,078	23,078	-
Fund balances (deficit), ending	<u>\$ (9,135)</u>	<u>\$ 2,674</u>	<u>\$ (11,351)</u>	<u>\$ (334)</u>	<u>\$ 513</u>	<u>\$ 847</u>	<u>\$ 22,026</u>	<u>\$ 22,072</u>	<u>\$ 1,270</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, 2016
(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
Revenues												
Licenses and permits	\$ -	\$ -	\$ -	\$ 3,120	\$ 2,356	\$ (764)	\$ 130	\$ 178	\$ 48	\$ -	\$ -	\$ -
Intergovernmental	42,477	25,917	(16,560)	-	-	-	412	222	(190)	165	165	-
Special assessments	190	409	219	-	-	-	-	-	-	-	-	-
Rental and investment income	170	366	196	-	65	65	20	25	5	-	-	-
Miscellaneous	4,482	831	(3,651)	-	6,225	6,225	-	-	-	-	-	-
Total revenues	<u>47,319</u>	<u>27,523</u>	<u>(19,796)</u>	<u>3,120</u>	<u>8,646</u>	<u>5,526</u>	<u>562</u>	<u>425</u>	<u>(137)</u>	<u>165</u>	<u>165</u>	<u>-</u>
Expenditures												
Current:												
General government	-	-	-	1,728	1,128	600	16	16	-	-	-	-
Capital outlay	67,057	24,445	42,612	717	2,503	(1,786)	4,431	3,850	581	31	31	-
Debt service:												
Principal	-	-	-	672	-	672	-	-	-	-	-	-
Interest	-	-	-	69	65	4	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>67,057</u>	<u>24,445</u>	<u>42,612</u>	<u>3,186</u>	<u>3,696</u>	<u>(510)</u>	<u>4,447</u>	<u>3,866</u>	<u>581</u>	<u>31</u>	<u>31</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,738)</u>	<u>3,078</u>	<u>22,816</u>	<u>(66)</u>	<u>4,950</u>	<u>5,016</u>	<u>(3,885)</u>	<u>(3,441)</u>	<u>444</u>	<u>134</u>	<u>134</u>	<u>-</u>
Other financing sources (uses)												
Transfers out	(2,996)	(3,098)	102	-	(156)	156	-	(51)	51	-	(58)	58
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Gain (loss) on retirement of capital assets	-	80	(80)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(2,996)</u>	<u>(3,018)</u>	<u>22</u>	<u>-</u>	<u>(156)</u>	<u>156</u>	<u>-</u>	<u>(51)</u>	<u>51</u>	<u>-</u>	<u>(58)</u>	<u>58</u>
Net change in fund balances	(22,734)	60	22,838	(66)	4,794	5,172	(3,885)	(3,492)	495	134	76	58
Fund balances (deficit), beginning	18,613	18,613	-	(2,287)	(2,287)	-	4,613	4,613	-	70	(64)	(134)
Fund balances (deficit), ending	<u>\$ (4,121)</u>	<u>\$ 18,673</u>	<u>\$ 22,838</u>	<u>\$ (2,353)</u>	<u>\$ 2,507</u>	<u>\$ 5,172</u>	<u>\$ 728</u>	<u>\$ 1,121</u>	<u>\$ 495</u>	<u>\$ 204</u>	<u>\$ 12</u>	<u>\$ (76)</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, 2016
(amounts expressed in thousands)

Assets	Airport	Refuse	Transportation	Public Parking	Total
Current assets:					
Cash and investments	\$ 422	\$ 4,095	\$ 864	\$ -	\$ 5,381
Receivables (net of allowance for uncollectibles)					
Interest	1	13	2	1	17
Utility billed	-	1,027	-	-	1,027
Utility unbilled	-	747	-	-	747
Accounts	69	660	17	661	1,407
Intergovernmental	-	-	289	19	308
Restricted assets:					
Other restricted cash and cash equivalents	-	413	-	-	413
Total current assets	<u>492</u>	<u>6,955</u>	<u>1,172</u>	<u>681</u>	<u>9,300</u>
Non-current assets:					
Regulatory assets	-	5,687	-	-	5,687
Capital assets:					
Land	9,988	-	-	9,192	19,180
Buildings	2,631	-	43	33,229	35,903
Accumulated depreciation-buildings	(1,376)	-	(13)	(5,761)	(7,150)
Improvements other than buildings	19,665	-	2,649	6,740	29,054
Accumulated depreciation-improvements other than buildings	(7,737)	-	(281)	(2,278)	(10,296)
Machinery and equipment	423	17,520	4,089	1,130	23,162
Accumulated depreciation-machinery and equipment	(364)	(11,454)	(2,944)	(1,115)	(15,877)
Construction in progress	46	-	-	-	46
Total non-current assets:	<u>23,276</u>	<u>11,753</u>	<u>3,543</u>	<u>41,137</u>	<u>79,709</u>
Total assets	<u>23,768</u>	<u>18,708</u>	<u>4,715</u>	<u>41,818</u>	<u>89,009</u>
Deferred Outflows of Resources					
Pension contributions, changes in assumptions and differences in experience	263	2,099	965	577	3,904
Total deferred outflows of resources	<u>263</u>	<u>2,099</u>	<u>965</u>	<u>577</u>	<u>3,904</u>

Continued

City of Riverside
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2016
(amounts expressed in thousands)

Liabilities	Airport	Refuse	Transportation	Public Parking	Total
Current liabilities:					
Accounts payable	22	745	7	58	832
Unearned revenue	-	1	1,288	-	1,289
Due to other funds	-	-	-	582	582
Notes payable - current	-	-	-	977	977
Landfill capping - current	-	200	-	-	200
Compensated absences - current	23	305	104	43	475
Total current liabilities	<u>45</u>	<u>1,251</u>	<u>1,399</u>	<u>1,660</u>	<u>4,355</u>
Non-current liabilities:					
Notes payables	-	-	-	19,270	19,270
Advances from other funds	190	1,037	499	357	2,083
Landfill capping	-	5,486	-	-	5,486
Compensated absences	3	34	13	5	55
OPEB obligation	116	1,018	479	234	1,847
Net pension liability	782	6,233	2,867	1,713	11,595
Total non-current liabilities	<u>1,091</u>	<u>13,808</u>	<u>3,858</u>	<u>21,579</u>	<u>40,336</u>
Total liabilities	<u>1,136</u>	<u>15,059</u>	<u>5,257</u>	<u>23,239</u>	<u>44,691</u>
Deferred Inflows of Resources					
Pension contributions, changes in assumptions and differences in experience	243	1,936	891	532	3,602
Total deferred inflows of resources	<u>243</u>	<u>1,936</u>	<u>891</u>	<u>532</u>	<u>3,602</u>
Net Position					
Net investment in capital assets	23,276	6,066	3,543	20,890	53,775
Restricted for landfill capping	-	413	-	-	413
Unrestricted	(624)	(2,667)	(4,011)	(2,266)	(9,568)
Total net position	<u>\$ 22,652</u>	<u>\$ 3,812</u>	<u>\$ (468)</u>	<u>\$ 18,624</u>	<u>\$ 44,620</u>

City of Riverside
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2016
(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	\$ 1,549	\$ 21,806	\$ 377	\$ 4,918	\$ 28,650
Operating expenses:					
Personnel services	485	4,420	2,144	1,084	8,133
Contractual services	56	3,878	36	1,584	5,554
Maintenance and operation	285	5,825	460	530	7,100
General	197	4,696	675	46	5,614
Materials and supplies	35	1,102	218	15	1,370
Insurance	30	91	40	76	237
Depreciation and amortization	707	1,617	526	993	3,843
Total operating expenses	<u>1,795</u>	<u>21,629</u>	<u>4,099</u>	<u>4,328</u>	<u>31,851</u>
Operating Income (loss)	<u>(246)</u>	<u>177</u>	<u>(3,722)</u>	<u>590</u>	<u>(3,201)</u>
Nonoperating revenues (expenses):					
Operating grants	-	-	2,322	-	2,322
Interest income	5	71	8	-	84
Other	31	330	(2)	717	1,076
Gain (loss) on retirement of capital assets	-	6	(2)	-	4
Interest expense and fiscal charges	(4)	(23)	(14)	(813)	(854)
Total non-operating revenues	<u>32</u>	<u>384</u>	<u>2,312</u>	<u>(96)</u>	<u>2,632</u>
Income (loss) before capital contributions and transfers	(214)	561	(1,410)	494	(569)
Cash capital contributions	-	-	861	-	861
Transfers in	-	-	-	718	718
Transfers out	-	-	-	(738)	(738)
Change in net position	<u>(214)</u>	<u>561</u>	<u>(549)</u>	<u>474</u>	<u>272</u>
Net position - beginning	22,866	3,251	81	18,150	44,348
Net position - ending	<u>\$ 22,652</u>	<u>\$ 3,812</u>	<u>\$ (468)</u>	<u>\$ 18,624</u>	<u>\$ 44,620</u>

City of Riverside
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

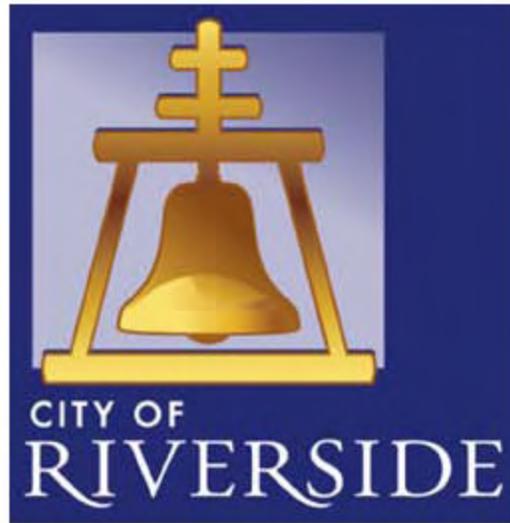
	<u>Airport</u>	<u>Refuse</u>	<u>Transportation</u>	<u>Public Parking</u>	<u>Totals</u>
Cash flows from operating activities:					
Cash received from customers and users	\$ 1,547	\$ 21,882	\$ 229	\$ 4,738	\$ 28,396
Cash paid to employees for services	(553)	(4,944)	(2,321)	(1,217)	(9,035)
Cash paid to other suppliers of goods or services	(1,396)	(15,809)	(1,029)	(2,327)	(20,561)
Other nonoperating items	31	736	(2)	717	1,482
Net cash (used) provided by operating activities	<u>(371)</u>	<u>1,865</u>	<u>(3,123)</u>	<u>1,911</u>	<u>282</u>
Cash flows from noncapital financing activities:					
Operating transfers in	-	-	-	718	718
Operating transfers out	-	-	-	(738)	(738)
Operating grants	-	-	2,322	-	2,322
Receipts on interfund advances	-	-	-	(11)	(11)
Outflows on interfund advances	(12)	(65)	(31)	(126)	(234)
Net cash (used) provided by noncapital financing activities	<u>(12)</u>	<u>(65)</u>	<u>2,291</u>	<u>(157)</u>	<u>2,057</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(35)	(1,786)	(552)	-	(2,373)
Proceeds from the sale of capital assets	-	6	(2)	-	4
Principal paid on long-term obligations	-	-	-	(940)	(940)
Interest paid on long-term obligations	(4)	(23)	(14)	(813)	(854)
Capital contributions	-	-	861	-	861
Net cash (used) provided for capital and related financing activities	<u>(39)</u>	<u>(1,803)</u>	<u>293</u>	<u>(1,753)</u>	<u>(3,302)</u>
Cash flows from investing activities:					
Proceeds of investments	-	8	2	(1)	9
Income from investments	5	71	8	-	84
Net cash (used) provided by investing activities	<u>5</u>	<u>79</u>	<u>10</u>	<u>(1)</u>	<u>93</u>
Net change in cash and cash equivalents	<u>(417)</u>	<u>76</u>	<u>(529)</u>	<u>-</u>	<u>(870)</u>
Cash and cash equivalents, beginning	<u>839</u>	<u>4,432</u>	<u>1,393</u>	<u>-</u>	<u>6,664</u>
Cash and cash equivalents, ending	<u>\$ 422</u>	<u>\$ 4,508</u>	<u>\$ 864</u>	<u>\$ -</u>	<u>\$ 5,794</u>

Continued

City of Riverside
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2016
(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)	\$ (246)	\$ 177	\$ (3,722)	\$ 590	\$ (3,201)
Other nonoperating items	31	330	(2)	717	1,076
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities:					
Depreciation and amortization	707	1,617	526	993	3,843
Changes in assets, liabilities and deferred inflows/outflows of resources:					
Utility billed receivable	-	100	-	-	100
Utility unbilled receivable	-	(28)	-	-	(28)
Accounts receivable	(2)	(36)	5	(164)	(197)
Intergovernmental receivable	-	40	(153)	(16)	(129)
Regulatory assets	-	406	-	-	406
Accounts payable	14	19	(61)	(76)	(104)
Accrued payroll	(16)	(146)	(62)	(37)	(261)
Retainage payable	-	-	(14)	-	(14)
Other payables	(2)	26	545	15	584
Deposits payable	(807)	-	-	-	(807)
Landfill capping	-	(236)	-	-	(236)
Net pension liability and related charges in deferred outflows and inflows of resources	(50)	(404)	(185)	(111)	(750)
Net cash (used) provided by operating activities	<u>\$ (371)</u>	<u>\$ 1,865</u>	<u>\$ (3,123)</u>	<u>\$ 1,911</u>	<u>\$ 282</u>



Internal Service Funds

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

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

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

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

City of Riverside
Combining Statement of Net Position
Internal Service Funds
June 30, 2016
(amounts expressed in thousands)

Assets	Self-Insurance Trust	Central Stores	Central Garage	Total
Current assets:				
Cash and investments	\$ 7,643	\$ -	\$ 4,331	\$ 11,974
Receivables (net of allowance for uncollectibles)				
Interest	23	-	10	33
Accounts	17	-	4	21
Intergovernmental	32	-	-	32
Inventory	-	5,637	277	5,914
Total current assets	<u>7,715</u>	<u>5,637</u>	<u>4,622</u>	<u>17,974</u>
Non-current assets:				
Advances to other funds	1,232	-	3,460	4,692
Advances to Successor Agency	4,240	-	-	4,240
Capital assets:				
Land			458	458
Intangible assets, depreciable	219	-	-	219
Accumulated depreciation - intangible assets, depreciable	(44)	-	-	(44)
Buildings	-	-	4,065	4,065
Accumulated depreciation-buildings	-	-	(477)	(477)
Improvements other than buildings	-	-	1,308	1,308
Accumulated depreciation - improvements other than buildings	-	-	(269)	(269)
Machinery and equipment	5	139	10,199	10,343
Accumulated depreciation-machinery and equipment	(2)	(139)	(8,406)	(8,547)
Total non-current assets:	<u>5,650</u>	<u>-</u>	<u>10,338</u>	<u>15,988</u>
Total assets	<u>13,365</u>	<u>5,637</u>	<u>14,960</u>	<u>33,962</u>
Deferred Outflows of Resources				
Pension contributions, changes in assumptions and differences in experience	234	285	1,497	2,016
Total deferred outflows of resources	<u>234</u>	<u>285</u>	<u>1,497</u>	<u>2,016</u>
Liabilities				
Current liabilities:				
Accounts payable	852	348	368	1,568
Due to other funds	-	597	-	597
Claims and judgments - current	11,315	-	-	11,315
Compensated absences - current	21	46	214	281
Total current liabilities	<u>12,188</u>	<u>991</u>	<u>582</u>	<u>13,761</u>
Non-current liabilities:				
Advances from other funds	182	191	1,874	2,247
Claims and judgments	31,954	-	-	31,954
Compensated absences	13	28	129	170
OPEB obligation	113	136	585	834
Net pension liability	696	848	4,445	5,989
Total non-current liabilities	<u>32,958</u>	<u>1,203</u>	<u>7,033</u>	<u>41,194</u>
Total liabilities	<u>45,146</u>	<u>2,194</u>	<u>7,615</u>	<u>54,955</u>
Deferred Inflows of Resources				
Pension contributions, changes in assumptions and differences in experience	216	263	1,381	1,860
Total deferred inflows of resources	<u>216</u>	<u>263</u>	<u>1,381</u>	<u>1,860</u>
Net Position				
Net investment in capital assets	178	-	6,878	7,056
Unrestricted	(31,941)	3,465	583	(27,893)
Total net position	<u>\$ (31,763)</u>	<u>\$ 3,465</u>	<u>\$ 7,461</u>	<u>\$ (20,837)</u>

City of Riverside
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the fiscal year ended June 30, 2016
(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	\$ 13,723	\$ 1,322	\$ 9,185	\$ 24,230
Operating expenses:				
Personnel services	428	576	2,831	3,835
Contractual services	1,066	-	45	1,111
Maintenance and operation	3	41	2,292	2,336
General	1,090	340	862	2,292
Materials and supplies	2	15	115	132
Claims/Insurance	15,459	6	92	15,557
Depreciation and amortization	42	-	885	927
Total operating expenses	<u>18,090</u>	<u>978</u>	<u>7,122</u>	<u>26,190</u>
Operating income (loss)	<u>(4,367)</u>	<u>344</u>	<u>2,063</u>	<u>(1,960)</u>
Non-operating revenues (expenses):				
Interest income	186	-	83	269
Other	4	-	(1)	3
Interest expense and fiscal charges	<u>(35)</u>	<u>(4)</u>	<u>(32)</u>	<u>(71)</u>
Total non-operating revenue (expenses)	<u>155</u>	<u>(4)</u>	<u>50</u>	<u>201</u>
Income before capital contributions and transfers	<u>(4,212)</u>	<u>340</u>	<u>2,113</u>	<u>(1,759)</u>
Cash capital contributions	-	-	27	27
Change in net position	<u>(4,212)</u>	<u>340</u>	<u>2,140</u>	<u>(1,732)</u>
Net position - beginning	<u>(27,551)</u>	<u>3,125</u>	<u>5,321</u>	<u>(19,105)</u>
Net position - ending	<u>\$ (31,763)</u>	<u>\$ 3,465</u>	<u>\$ 7,461</u>	<u>\$ (20,837)</u>

City of Riverside
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

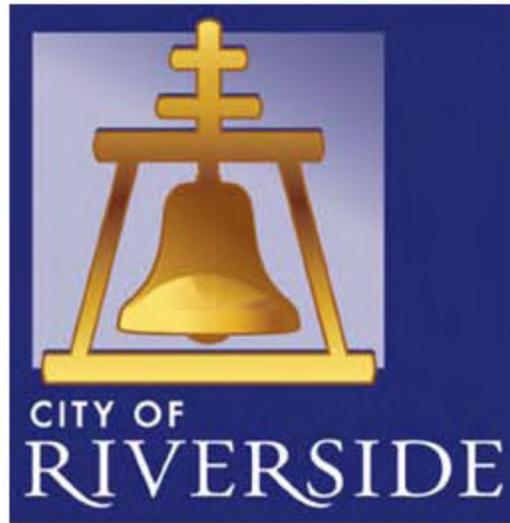
	Self-Insurance Trust	Central Stores	Central Garage	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 13,731	\$ 1,322	\$ 9,820	\$ 24,873
Cash paid to employees for services	3,993	(628)	(3,171)	194
Cash paid to other suppliers of goods or services	(17,366)	(404)	(3,193)	(20,963)
Other receipts	4	-	(1)	3
Net cash provided by operating activities	<u>362</u>	<u>290</u>	<u>3,455</u>	<u>4,107</u>
Cash flows from noncapital financing activities:				
Receipts on interfund advances	2,427	(274)	-	2,153
Outflows on interfund advances	<u>(11)</u>	<u>(12)</u>	<u>(392)</u>	<u>(415)</u>
Net cash (used) provided by noncapital financing activities	<u>2,416</u>	<u>(286)</u>	<u>(392)</u>	<u>1,738</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(18)	-	(157)	(175)
Interest paid on long-term obligation	(35)	(4)	(32)	(71)
Capital contributions	<u>-</u>	<u>-</u>	<u>27</u>	<u>27</u>
Net cash (used) for capital and related financing activities	<u>(53)</u>	<u>(4)</u>	<u>(162)</u>	<u>(219)</u>
Cash flows from investing activities:				
Proceeds of investments	1	-	(6)	(5)
Income from investments	186	-	83	269
Net cash provided by investing activities	<u>187</u>	<u>-</u>	<u>77</u>	<u>264</u>
Net change in cash and cash equivalents	2,912	-	2,978	5,890
Cash and cash equivalents, beginning	<u>4,731</u>	<u>-</u>	<u>1,353</u>	<u>6,084</u>
Cash and cash equivalents, ending	<u>\$ 7,643</u>	<u>\$ -</u>	<u>\$ 4,331</u>	<u>\$ 11,974</u>

Continued

City of Riverside
 Combining Statement of Cash Flows
 Internal Service Funds
 For the fiscal year ended June 30, 2016
 (amounts expressed in thousands)

Continued

	Self-Insurance Trust	Central Stores	Central Garage	Total
Reconciliation of operating income (loss) to net cash (used) provided by operating activities:				
Operating income (loss)	\$ (4,367)	\$ 344	\$ 2,063	\$ (1,960)
Other nonoperating items	4	-	(1)	3
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities:				
Depreciation and amortization	42	-	885	927
Changes in assets, liabilities and deferred inflows/outflows of resources:				
Accounts receivable	-	-	235	235
Intergovernmental receivable	8	-	400	408
Inventory	-	(125)	95	(30)
Accounts payable	254	123	118	495
Accrued payroll	(13)	(17)	(102)	(132)
Other payables	6	19	50	75
Claims and judgments	4,474	-	-	4,474
Net pension liability and related charges in deferred outflows and inflows of resources	(46)	(54)	(288)	(388)
Net cash (used) provided by operating activities	<u>\$ 362</u>	<u>\$ 290</u>	<u>\$ 3,455</u>	<u>\$ 4,107</u>

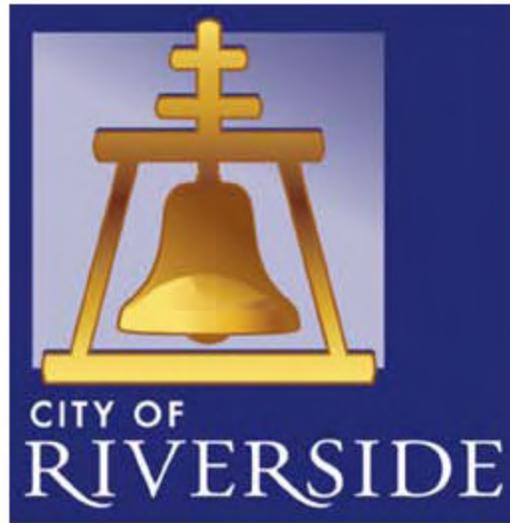


Agency Fund

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, 2016
(amounts expressed in thousands)

	Balance				Balance
	July 1, 2015	Additions	Deductions		June 30, 2016
Assets					
Cash and investments	\$ 2,935	\$ 7,405	\$ 7,255	\$	3,085
Cash and investments at fiscal agent	3,633	12,943	11,420		5,156
Interest receivable	9	170	173		6
Property taxes receivable	47	54	49		52
Total assets	<u>\$ 6,624</u>	<u>\$ 20,572</u>	<u>\$ 18,897</u>	<u>\$</u>	<u>8,299</u>
Liabilities					
Accounts payable	\$ -	\$ 86	\$ 51	\$	35
Held for bond holders	6,624	16,028	14,388		8,264
Total liabilities	<u>\$ 6,624</u>	<u>\$ 16,114</u>	<u>\$ 14,439</u>	<u>\$</u>	<u>8,299</u>

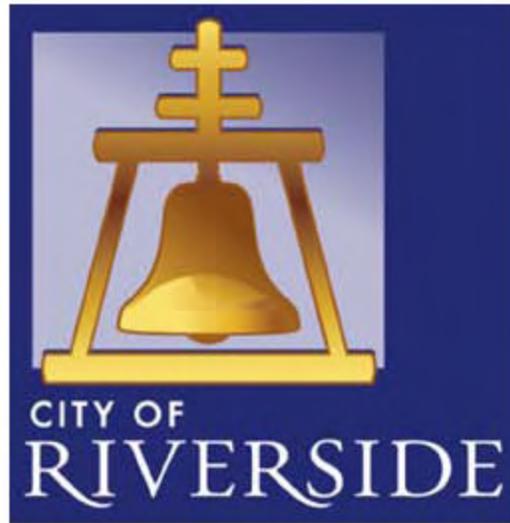


**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

City of Riverside
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2016
(amounts expressed in thousands)

Governmental funds capital assets:	
Land	\$ 342,792
Buildings and improvements	183,596
Improvements other than buildings	309,836
Machinery and equipment	92,067
Infrastructure	998,997
Intangibles	219
Construction in progress	41,535
Total governmental funds capital assets	<u>\$ 1,969,042</u>

Investments in governmental funds capital assets by source:	
Certificates of participation	\$ 127,198
Gifts	330,749
Operating revenue	535,112
General obligation bonds	3,965
Revenue bonds	21,229
County contracts and grants	316
State grants	41,569
Asset forfeiture - state	995
Asset forfeiture - federal	2,601
Housing and community development grants	18,956
Other federal grants	39,528
Community facilities bonds	3,442
Assessment district bonds	397
Capital leases	19,284
RDA tax increment bonds	3,061
Capital projects funds	820,640
Total governmental funds capital assets	<u>\$ 1,969,042</u>



Statistical Section
(Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	94
Revenue Capacity These schedules contain informat property and sales taxes.	100
Debt Capacity 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.	110
Demographic and Economic Information 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.	116
Operating Information 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.	119

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									
	2007	2008	2009	2010	2011	2012 ¹	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 712,801	\$ 850,740	\$ 950,496	\$ 976,614	\$ 1,019,892	\$ 1,076,485	\$ 1,083,485	\$ 1,106,384	\$ 1,126,220	\$ 1,123,910
Restricted	107,982	102,677	98,903	108,932	80,820	86,325	80,712	96,587	105,847	106,488
Unrestricted	(34,245)	(31,429)	(41,861)	(80,947)	(90,159)	23,145	17,989	(2,049)	(406,388)	(389,278)
Total governmental activities net position	<u>\$ 786,538</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 520,059	\$ 601,999	\$ 659,904	\$ 660,619	\$ 654,974	\$ 666,919	\$ 609,691	\$ 616,844	\$ 626,166	\$ 654,870
Restricted	57,613	43,341	38,621	59,863	56,397	54,923	69,068	68,507	75,660	85,526
Unrestricted	242,966	225,281	207,405	219,720	256,038	285,062	330,833	359,698	209,469	235,144
Total business-type activities net position	<u>\$ 820,638</u>	<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>
Primary government										
Net investment in capital assets	\$ 1,232,860	\$ 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
Restricted	165,595	146,018	137,524	168,795	137,217	141,248	149,780	165,094	181,507	192,014
Unrestricted	208,721	193,852	165,544	138,773	165,879	308,207	348,822	357,649	(196,919)	(154,134)
Total primary government net position	<u>\$ 1,607,176</u>	<u>\$ 1,792,609</u>	<u>\$ 1,913,468</u>	<u>\$ 1,944,801</u>	<u>\$ 1,977,962</u>	<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>

¹ 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 105,486	\$ 113,897	\$ 71,391	\$ 85,110	\$ 72,606	\$ 48,731	\$ 54,808	\$ 39,331	\$ 26,587	\$ 24,483
Public safety	114,312	122,783	142,353	137,338	139,364	148,605	147,652	149,555	154,123	161,284
Highways and streets	22,556	26,986	29,700	31,492	32,131	35,342	35,072	36,564	36,563	38,836
Culture and recreation	28,016	31,659	29,423	44,319	50,017	54,594	40,077	42,252	45,594	47,762
Interest on long-term debt	26,378	34,075	34,361	32,049	33,638	25,087	16,627	17,741	17,025	16,387
Total governmental activities expenses	296,748	329,400	307,228	330,308	327,756	312,359	294,236	285,443	279,892	288,752
Business-type activities:										
Electric	232,346	271,412	269,209	256,860	275,922	288,799	292,175	304,416	309,874	307,925
Water	42,108	47,570	53,931	55,402	56,390	56,715	58,768	60,030	62,792	57,769
Sewer	29,510	31,209	34,853	41,248	42,276	43,702	43,945	40,385	35,593	39,978
Airport	1,201	1,418	1,734	2,206	2,320	2,646	2,029	1,662	1,809	1,799
Refuse	16,490	18,430	18,425	20,527	20,046	19,979	20,581	20,831	20,007	21,652
Transportation	2,831	3,190	3,194	3,368	3,493	3,667	3,745	4,067	4,385	4,113
Public parking	3,762	4,093	5,095	4,024	4,401	4,984	5,051	4,610	5,604	5,141
Total business-type activities expenses	328,248	377,322	386,441	383,635	404,848	420,492	426,294	436,001	440,064	438,377
Total primary government expenses	\$ 624,996	\$ 706,722	\$ 693,669	\$ 713,943	\$ 732,604	\$ 732,851	\$ 720,530	\$ 721,444	\$ 719,956	\$ 727,129
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 10,245	\$ 23,969	\$ 13,691	\$ 12,933	\$ 14,241	\$ 14,662	\$ 13,338	\$ 13,775	\$ 17,600	\$ 24,944
Public safety	12,410	9,924	8,414	8,177	8,075	7,837	7,793	7,444	7,256	3,243
Highways and streets	30,563	19,695	14,391	17,847	16,985	16,532	15,825	17,487	13,868	5,709
Culture and recreation	8,302	4,370	3,168	2,367	3,180	4,622	5,237	7,406	16,319	12,458
Operating grants and contributions	12,101	15,024	23,313	32,853	21,127	31,581	21,485	14,341	12,869	16,321
Capital grants and contributions	10,557	115,982	69,745	23,395	38,138	54,476	32,202	48,433	43,904	31,216
Total governmental activities program revenues	84,178	188,964	132,722	97,572	101,746	129,710	95,880	108,886	111,816	93,891
Business-type activities:										
Charges for services:										
Electric	278,888	305,299	314,164	309,910	313,703	333,029	347,933	344,037	347,621	354,530
Water	47,080	49,855	54,923	57,534	62,084	65,206	68,489	68,691	66,051	57,250
Sewer	24,057	22,525	23,247	27,342	32,769	37,747	43,772	46,162	50,336	52,664
Airport	1,263	1,423	1,232	1,315	1,342	1,524	1,396	1,100	1,260	1,549
Refuse	15,833	16,289	18,394	18,712	19,134	19,588	20,829	20,677	21,360	21,806
Transportation	302	313	336	328	344	352	344	413	385	377
Public parking	3,431	3,717	4,332	4,876	5,205	4,803	4,777	4,382	4,609	4,918
Operating grants and contributions	1,939	3,308	1,929	2,487	2,159	2,738	2,718	2,524	3,869	2,322
Capital grants and contributions	40,066	29,215	17,288	6,838	7,337	21,164	11,734	11,486	8,027	18,868
Total business-type activities program revenues	412,859	431,944	435,845	429,342	444,077	486,151	501,992	499,472	503,518	514,284
Total primary government program revenues	\$ 497,037	\$ 620,908	\$ 568,567	\$ 526,914	\$ 545,823	\$ 615,861	\$ 597,872	\$ 608,358	\$ 615,334	\$ 608,175

(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									
	2007	2008	2009	2010	2011	2012 ¹	2013 ²	2014	2015	2016
Net Revenues (Expense)										
Governmental activities	\$ (212,570)	\$ (140,436)	\$ (174,506)	\$ (232,736)	\$ (226,010)	\$ (182,649)	\$ (198,356)	\$ (176,557)	\$ (168,076)	\$ (194,861)
Business-type activities	84,611	54,622	49,404	45,707	39,229	65,659	75,698	63,471	63,454	75,907
Total primary government net expense	<u>\$ (127,959)</u>	<u>\$ (85,814)</u>	<u>\$ (125,102)</u>	<u>\$ (187,029)</u>	<u>\$ (186,781)</u>	<u>\$ (116,990)</u>	<u>\$ (122,658)</u>	<u>\$ (113,086)</u>	<u>\$ (104,622)</u>	<u>\$ (118,954)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales	\$ 55,666	\$ 50,526	\$ 41,882	\$ 39,645	\$ 44,157	\$ 47,701	\$ 50,222	\$ 55,096	\$ 59,437	\$ 60,976
Property	106,114	114,176	116,420	104,087	100,802	74,179	52,904	51,323	54,864	55,545
Utility users	25,384	26,267	25,964	25,975	26,691	27,320	28,206	28,092	28,076	27,828
Franchise	5,031	4,972	5,144	4,477	4,937	4,883	4,959	5,046	5,543	5,730
Transient occupancy	3,581	3,795	2,912	2,488	2,731	2,995	3,703	4,189	5,280	6,093
Intergovernmental, unrestricted	1,863	2,074	4,569	1,339	1,285	351	337	263	3,153	477
Unrestricted grants and contributions	29,743	-	-	-	-	-	-	-	-	-
Investment earnings	18,582	25,670	15,941	8,289	7,439	4,440	2,786	2,759	3,233	729
Miscellaneous	4,228	9,480	5,137	3,344	9,544	9,273	9,208	5,425	12,395	11,708
Transfers	31,171	32,326	42,087	40,153	34,378	40,679	42,262	43,100	42,681	41,216
Extraordinary items	-	-	-	-	-	149,617	-	-	-	-
Total governmental activities	<u>281,363</u>	<u>269,286</u>	<u>260,056</u>	<u>229,797</u>	<u>231,964</u>	<u>361,438</u>	<u>194,587</u>	<u>195,293</u>	<u>214,662</u>	<u>210,302</u>
Business-type activities:										
Investment income	16,988	22,756	23,402	21,271	17,548	11,405	4,744	8,005	5,319	6,888
Miscellaneous	3,498	4,931	4,590	7,447	4,808	3,110	5,767	7,081	7,652	22,666
Transfers	(31,171)	(32,326)	(42,087)	(40,153)	(34,378)	(40,679)	(42,262)	(43,100)	(42,681)	(41,216)
Extraordinary items	-	-	-	-	-	-	(41,259)	-	-	-
Total business-type activities	<u>(10,685)</u>	<u>(4,639)</u>	<u>(14,095)</u>	<u>(11,435)</u>	<u>(12,022)</u>	<u>(26,164)</u>	<u>(73,010)</u>	<u>(28,014)</u>	<u>(29,710)</u>	<u>(11,662)</u>
Total primary government	<u>270,678</u>	<u>264,647</u>	<u>245,961</u>	<u>218,362</u>	<u>219,942</u>	<u>335,274</u>	<u>121,577</u>	<u>167,279</u>	<u>184,952</u>	<u>198,640</u>
Change in Net Position										
Governmental activities	\$ 68,793	\$ 128,850	\$ 85,550	\$ (2,939)	\$ 5,954	\$ 178,789	\$ (3,769)	\$ 18,736	\$ 46,586	\$ 15,441
Business-type activities	73,926	49,983	35,309	34,272	27,207	39,495	2,688	35,457	33,744	64,245
Total primary government	<u>\$ 142,719</u>	<u>\$ 178,833</u>	<u>\$ 120,859</u>	<u>\$ 31,333</u>	<u>\$ 33,161</u>	<u>\$ 218,284</u>	<u>\$ (1,081)</u>	<u>\$ 54,193</u>	<u>\$ 80,330</u>	<u>\$ 79,686</u>

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

² 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)

	2011	2012 ^{1,2}	2013	2014	2015	2016
General fund						
Nonspendable	\$ 26,646	\$ 25,720	\$ 26,421	\$ 24,419	\$ 23,642	\$ 23,094
Restricted	82,249	2,803	2,196	2,204	2,985	3,067
Assigned	15,589	6,380	10,711	14,505	13,965	9,922
Unassigned	36,359	39,347	37,763	37,732	39,059	29,495
Total general fund	<u>\$ 160,843</u>	<u>\$ 74,250</u>	<u>\$ 77,091</u>	<u>\$ 78,860</u>	<u>\$ 79,651</u>	<u>\$ 65,578</u>
All other governmental funds						
Nonspendable	\$ 1,626	\$ 1,539	\$ 1,441	\$ 1,460	\$ 1,625	\$ 1,619
Restricted for:						
Housing and redevelopment	96,571	26,911	26,410	26,223	25,523	24,746
Debt service	56,526	29,080	25,884	26,177	26,203	26,221
Transportation and public works	26,459	31,075	16,487	54,876	36,347	36,876
Other purposes	5,073	1,401	2,003	321	2,326	3,628
Total all other governmental funds	<u>\$ 186,255</u>	<u>\$ 90,006</u>	<u>\$ 72,225</u>	<u>\$ 109,057</u>	<u>\$ 92,024</u>	<u>\$ 93,090</u>

¹ 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.

² 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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes	\$ 191,131	\$ 200,438	\$ 192,322	\$ 177,255	\$ 179,318	\$ 156,593	\$ 139,994	\$ 143,748	\$ 153,200	\$ 156,172
Licenses and permits	12,984	10,027	7,368	6,899	7,657	9,292	10,173	9,244	11,168	11,611
Intergovernmental	47,934	79,423	86,873	60,550	61,082	66,618	50,734	59,348	49,892	51,896
Charges for services	11,914	11,325	9,099	9,570	10,720	11,774	12,062	15,734	24,737	26,443
Fines and forfeitures	2,778	4,573	6,213	7,512	8,928	6,293	6,234	7,283	3,957	1,941
Special assessments	6,170	5,245	5,431	5,464	6,014	6,276	6,669	6,272	6,757	7,039
Use of money and property	22,587	27,970	18,620	11,173	10,173	8,095	3,878	4,315	5,112	4,370
Miscellaneous	6,164	12,796	7,596	7,082	16,605	10,611	14,933	6,957	6,939	12,578
Total revenues	\$ 301,662	\$ 351,797	\$ 333,522	\$ 285,505	\$ 300,497	\$ 275,552	\$ 244,677	\$ 252,901	\$ 261,762	\$ 272,050
Expenditures:										
General government	\$ 39,093	\$ 26,177	\$ 25,995	\$ 23,835	\$ 26,090	\$ 18,835	\$ 15,713	\$ 13,558	\$ 17,799	\$ 19,900
Public safety	139,739	151,773	145,802	138,594	140,994	150,878	150,290	151,721	157,660	164,800
Highways and streets	19,722	25,209	18,452	14,987	14,587	16,651	16,294	16,944	16,594	17,416
Culture and recreation	31,039	30,622	26,859	40,373	44,345	57,538	45,356	34,275	37,527	39,583
Capital outlay	149,325	171,952	180,394	131,908	105,689	75,482	73,581	72,365	60,060	53,208
Debt Service:										
Principal	12,045	11,257	44,349	48,078	89,264	83,378	45,006	45,500	49,101	51,987
Interest	21,330	31,239	33,033	31,267	32,611	24,133	15,116	16,787	17,048	16,451
Debt issuance costs	2,551	697	259	231	174	169	581	843	172	180
Payment for advance refunding	-	-	-	-	-	-	3,521	-	-	-
Total expenditures	\$ 414,844	\$ 448,926	\$ 475,143	\$ 429,273	\$ 453,754	\$ 427,064	\$ 365,458	\$ 351,993	\$ 355,961	\$ 363,525
Excess of revenues over (under) expenditures	\$ (113,182)	\$ (97,129)	\$ (141,621)	\$ (143,768)	\$ (153,257)	\$ (151,512)	\$ (120,781)	\$ (99,092)	\$ (94,199)	\$ (91,475)

(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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other financing sources (uses):										
Transfers in	\$ 84,306	\$ 62,841	\$ 100,797	\$ 88,303	\$ 214,631	\$ 196,859	\$ 56,572	\$ 58,469	\$ 61,510	\$ 61,384
Transfers out	(53,135)	(30,515)	(58,710)	(48,150)	(180,280)	(156,305)	(14,178)	(15,369)	(18,829)	(20,168)
Issuance of long term debt	299,645	164,408	30,425	51,821	104,875	34,940	99,753	87,037	30,940	31,145
Capital lease financings	-	-	-	3,116	2,000	-	7,203	6,625	4,450	5,846
Sales of capital assets	541	8,931	(5,798)	529	(1,629)	156	82	931	(114)	261
Payments to refunded bond agent	-	(148,975)	-	-	-	-	(43,591)	-	-	-
Total other financing sources (uses)	331,357	56,690	66,714	95,619	139,597	75,650	105,841	137,693	77,957	78,468
Extraordinary items:										
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	\$ 218,175	\$ (40,439)	\$ (74,907)	\$ (48,149)	\$ (13,660)	\$ (182,842)	\$ (14,940)	\$ 38,601	\$ (16,242)	\$ (13,007)
Debt service as a percentage of noncapital expenditures	14.011%	16.947%	26.058%	23.211%	32.757%	32.507%	21.039%	21.803%	22.360%	21.714%

(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)

Fiscal Year	Residential Sales	Commercial Sales	Industrial Sales	Wholesale Sales	Other Sales	Transmission Revenue	Other Operating Revenue	Total Revenues
2007	\$ 94,426	\$ 55,421	\$ 83,698	\$ 9,913	\$ 5,713	\$ 20,097	\$ 9,536	\$ 278,804
2008	99,981	60,768	92,697	14,805	5,425	19,211	12,405	305,292
2009	105,525	65,532	97,100	4,674	5,684	18,673	12,250	309,438
2010	107,301	65,091	97,458	1,466	5,639	21,100	11,855	309,910
2011	107,792	64,039	102,067	124	5,529	22,091	12,061	313,703
2012	110,471	66,047	107,455	50	5,614	30,735	12,657	333,029
2013	118,173	66,632	110,680	638	5,712	32,688	13,410	347,933
2014	111,880	67,063	111,260	115	5,600	32,630	15,489	344,037
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

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

(in thousands)

Fiscal Year	Sales Tax	Property Tax¹	Utility Users Tax	Franchise Tax	Transient Occupancy Tax	Total Taxes
2007	55,666	101,469	25,384	5,031	3,581	191,131
2008	50,526	114,176	26,267	4,972	3,795	199,736
2009	41,882	116,420	25,964	5,144	2,912	192,322
2010	39,645	104,087	25,975	4,477	2,488	176,672
2011	44,157	100,802	26,691	4,937	2,731	179,318
2012	47,701	74,179	27,320	4,883	2,995	157,078
2013	50,222	52,904	28,206	4,959	3,703	139,994
2014	55,096	51,323	28,092	5,046	4,189	143,746
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

¹ 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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Apparel Stores	\$ 168,221	\$ 167,869	\$ 154,899	\$ 152,564	\$ 161,802	\$ 168,352	\$ 175,320	\$ 178,349	\$ 188,670	\$ 203,001
General Merchandise	573,919	530,900	466,096	435,230	432,303	444,125	450,988	463,355	475,147	477,903
Food Stores	170,193	171,998	172,195	170,151	167,259	169,380	181,719	193,368	209,022	217,902
Eating and Drinking Places	360,403	382,582	383,596	364,291	371,419	395,423	422,153	447,841	483,901	533,317
Building Materials	707,483	549,124	374,161	307,894	292,605	349,398	376,011	454,468	514,993	567,790
Auto Dealers and Supplies	1,368,388	1,250,136	949,747	786,012	847,986	965,529	1,118,907	1,280,633	1,461,217	1,548,385
Service Stations	361,971	417,086	424,252	301,654	350,904	419,497	430,322	418,110	413,128	370,257
Other Retail Stores	678,878	626,737	564,633	487,924	501,071	517,583	535,945	550,157	595,305	633,089
All Other Outlets	1,223,321	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
Total	\$ 5,612,777	\$ 5,324,376	\$ 4,594,190	\$ 3,899,529	\$ 4,102,609	\$ 4,501,800	\$ 4,699,571	\$ 5,140,773	\$ 5,653,990	\$ 6,013,625

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 ¹				Total Direct Rate ²
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
2007	20,672,126	1,140,891	(5,417,388)	16,395,629	4,145,700	410,625	(93,261)	4,463,064	0.304
2008	23,618,776	1,291,972	(6,960,666)	17,950,082	5,509,441	553,124	(138,490)	5,924,075	0.334
2009	24,428,633	1,330,053	(7,515,667)	18,243,019	5,998,768	581,943	(224,025)	6,356,686	0.343
2010	22,644,262	1,299,353	(7,103,040)	16,840,575	5,598,484	564,825	(266,257)	5,897,052	0.350
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

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.

¹ 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.

² 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

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Basic Levy ¹	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 ²	0.155	0.185	0.259	0.284	0.301	0.332	0.325	0.390	0.377	0.487
City of Riverside Debt Service	0.008	0.006	0.007	0.006	0.006	0.006	0.006	0.007	0.006	0.006
Metropolitan Water District Original Area	0.009	0.009	0.009	0.009	0.007	0.007	0.007	0.007	0.007	0.007
Riverside City Community College Debt Service	0.018	0.013	0.013	0.012	0.015	0.017	0.017	0.018	0.018	0.017
Total Direct & Overlapping³ Tax Rates	1.191	1.213	1.287	1.311	1.329	1.362	1.355	1.421	1.408	1.517
City's Share of 1% Levy Per Prop 13⁴	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145
General Obligation Debt Rate	0.009	0.006	0.007	0.006	0.006	0.006	0.006	0.007	0.006	0.006
Redevelopment Rate^{5,7}	1.005	1.005	1.004	1.004	1.004	1.004	-	-	-	-
Total Direct Rate⁶	0.304	0.334	0.343	0.350	0.347	0.348	0.348	0.125	0.124	0.124

¹ 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.

² Includes: Alford Unified School District, Corona Norco Unified School District, Jurupa Unified School District, Moreno Valley Unified School District, and Riverside Unified School District.

³ 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.

⁴ 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.

⁵ 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.

⁶ 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.

⁷ 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	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Tyler Mall	\$ 199,362	1	0.8%	\$ 147,311	2	0.7%
Riverside Healthcare System	146,114	2	0.6%	106,354	3	0.5%
State Street Bank and Trust Co.	112,074	3	0.4%	80,153	5	0.4%
La Sierra University	106,058	4	0.4%			
Rohr Inc	101,518	5	0.4%	56,284	9	0.3%
Corona Pointe Apartments	98,505	6	0.4%			
Cole ID	95,627	7	0.4%			
Vestar Riverside Plaza	84,356	8	0.3%			
Northrop Drive Apartments	78,240	9	0.3%			
Canyon Springs Marketplace Corp	71,460	10	0.3%			
BRE Properties				172,558	1	0.8%
Charter Comm Entertainment II				71,915	6	0.3%
California State Teachers Retirement				57,642	8	0.3%
Bottling Group				53,802	10	0.3%
Centex Homes				90,474	4	0.4%
Mission Grove Plaza				59,046	7	0.3%
Totals	<u>\$ 1,093,314</u>		<u>4.3%</u>	<u>\$ 895,539</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 2015/16 and 2006/07 Combined Tax Rolls

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

(in thousands)

Fiscal Year Ended June 30	Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	69,246	67,046	96.82%	2,200	69,246	100.00%
2008	83,996	82,345	98.03%	1,651	83,996	100.00%
2009	86,251	84,134	97.55%	2,117	86,251	100.00%
2010	77,228	74,491	96.46%	2,737	77,228	100.00%
2011	74,608	72,327	96.94%	2,281	74,608	100.00%
2012	41,020	40,340	98.34%	680	41,020	100.00%
2013	43,333	42,447	97.96%	886	43,333	100.00%
2014	45,138	44,684	98.99%	454	45,138	100.00%
2015	48,846	48,427	99.14%	419	48,846	100.00%
2016	50,023	49,585	99.12%	-	49,585	99.12%

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Type of Customer:										
Residential	748	734	733	701	666	688	726	700	711	726
Commercial	456	441	433	406	400	413	419	421	428	438
Industrial	924	960	946	906	912	969	1,003	997	995	983
Wholesale sales	295	357	137	44	7	2	14	4	2	-
Other	39	34	33	32	31	31	31	30	31	23
Total	2,462	2,526	2,282	2,089	2,016	2,103	2,193	2,152	2,167	2,170
Total direct rate										
Monthly Base Rate ¹	5.00	11.35	13.06	18.06	18.06	18.06	18.06	18.06	18.06	18.06

¹ 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)

Fiscal Year Ended June 30	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>
2007	0.12621	0.12164	0.09059	0.14493
2008	0.13613	0.13781	0.09658	0.16099
2009	0.14389	0.15122	0.10271	0.17169
2010	0.15307	0.16014	0.10756	0.17876
2011	0.16173	0.16001	0.11194	0.18089
2012	0.16068	0.15991	0.11088	0.17938
2013	0.16274	0.15913	0.11030	0.18375
2014	0.15995	0.15936	0.11156	0.18513
2015	0.16050	0.16022	0.11282	0.18291
2016*	0.16119	0.15915	0.11577	0.20908

Source: Riverside Public Utilities, Finance Services

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

Electricity Customer	2016			2007		
	Electricity Charges	Rank	Percent of Total Electric Revenues	Electricity Charges	Rank	Percent of Total Electric Revenues
Local University	\$12,075,034	1	3.96%	\$6,208,160	2	2.59%
Local Government	8,467,901	2	2.77%	6,737,345	1	2.82%
Local Government	7,350,087	3	2.41%	6,190,517	3	2.59%
Local School District	4,385,174	4	1.44%	3,858,521	4	1.61%
Corporation	4,126,026	5	1.35%	2,997,336	5	1.25%
Corporation	3,298,925	6	1.08%	2,267,071	6	0.95%
Corporation	3,117,515	7	1.02%			
Hospital	2,601,830	8	0.85%	1,664,993	8	0.70%
Local University	2,315,680	9	0.76%			
Local School District	2,167,774	10	0.71%			
Corporation				2,040,225	7	0.85%
Corporation				1,653,565	9	0.69%
Hospital				1,614,061	10	0.67%
	<u>\$49,905,946</u>		<u>16.35%</u>	<u>\$35,231,794</u>		<u>14.72%</u>

Retail Sales Per Financial Statements

\$305,248,858

\$ 239,258,513

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)

Governmental Activities							
Fiscal Year	General Obligation Bonds	Redevelopment Bonds	Revenue Bonds	Pension Obligation Bonds	Certificates of Participation	Capital Leases	Notes/Loans Payable
2007	19,331	296,598	-	144,450	192,874	4,929	9,759
2008	18,774	292,244	-	142,170	200,273	9,391	9,040
2009	18,171	285,743	-	139,410	198,268	7,455	8,749
2010	17,533	278,867	-	136,050	211,212	6,303	9,291
2011	16,845	305,195	-	132,095	207,246	6,670	8,849
2012	16,107	-	-	127,480	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

Business-Type Activities						
Fiscal Year	Revenue Bonds	Notes/Loans Payable	Capital Leases	Total Primary Government	Percentage of Personal Income¹	Debt Per Capita¹
2007	482,929	9,211	253	1,160,334	18.67%	4.01
2008	720,749	8,569	211	1,401,421	21.51%	4.80
2009	670,512	7,915	2,574	1,342,931	20.15%	4.54
2010	968,393	7,249	2,151	1,637,049	24.83%	5.44
2011	1,071,554	76,747	1,720	1,826,921	27.58%	6.01
2012	1,063,853	73,821	1,332	1,494,516	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

¹ 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)

Fiscal Year	General Obligation Bonds	Pension Bonds	Certificates of Participation	Tax Allocation Bonds	Total	Percent of Assessed Value ¹	Per Capita²
2007	19,331	144,450	192,874	296,598	653,253	3.98%	2,260
2008	18,774	142,170	200,273	292,244	653,461	3.64%	2,239
2009	18,171	139,410	198,268	285,743	641,592	3.52%	2,167
2010	17,533	136,050	211,212	278,867	643,662	3.82%	2,140
2011	16,845	132,095	207,246	305,195	661,381	4.03%	2,175
2012	16,107	127,480	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

Notes:

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

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

² 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, 2016

2015-16 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 Debt¹</u>
Overlapping debt repaid with property taxes²			
Metropolitan Water District	\$ 928,650	1.048%	\$ 973,225
Riverside County Flood Control and Water Conservation District Zone No. 4	20,650,000	2.194	\$ 453,061
Riverside City Community College District	267,357,209	29.139	77,905,217
Alvord Unified School District	221,425,233	71.046	157,313,771
Riverside Unified School District	129,815,000	86.720	112,575,568
Corona-Norco Unified School District	342,600,000	0.001	3,426
Jurupa Unified School District	72,600,000	0.002	1,452
Moreno Valley Unified School District	133,088,519	10.269	13,666,860
Alvord Unified School District Community District No.2006-1	7,555,000	82.333	6,220,258
Riverside Unified School District Community Facilities Districts	75,737,000	89.479-100.	75,614,003
City of Riverside Community Facilities Districts	18,760,000	100.	18,760,000
City of Riverside 1915 Act Bonds	24,435,000	100.	<u>24,435,000</u>
Total overlapping debt repaid with property taxes			<u>\$ 487,921,841</u>

(continued)

Table 17
City of Riverside
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

Other overlapping debt²

Riverside County General Fund Obligations	\$ 927,044,393	10.799%	\$ 100,111,524
Riverside County Pension Obligations	304,520,000	10.799	32,885,115
Riverside County Board of Education Certificates of Participation	935,000	10.799	100,971
Alvord Unified School District Certificates of Participation	2,027,061	71.046	1,440,146
Corona-Norco Unified School District Certificates of Participation	26,800,000	0.001	268
Jurupa Unified School District Certificates of Participation	13,800,000	0.002	276
Moreno Valley Unified School District Certificates of Participation	11,640,004	10.269	1,195,312
Riverside Unified School District General Fund Obligations	9,930,000	86.720	8,611,296
Total other overlapping debt			144,344,908
Less: Riverside County supported obligations			744,625
			<u>143,600,283</u>
Overlapping tax Increment debt			<u>235,170,932</u>
Total overlapping debt			866,693,056
City direct debt			<u>389,882,000</u>
Combined total direct and overlapping debt			<u><u>\$ 1,256,575,056</u></u>

(1) Debt balances are as of April 1, 2016 (most recent available) for other agency debt, and June 30, 2016 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 2015-16 Assessed Valuation:

Total debt repaid with property taxes.....	1.92%
City direct debt (\$389,882,000).....	1.53%
Combined total direct and overlapping debt.....	4.94%

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

Total overlapping tax Increment debt.....	3.38%
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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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed valuation	\$16,395,629	\$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
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	4,098,907	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
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	614,836	673,128	684,113	631,522	614,887	612,856	615,589	631,942	670,013	693,844
Total net debt applicable to limit:	19,331	18,774	18,171	17,533	16,845	16,107	15,314	14,460	13,546	12,567
Legal debt margin	595,505	654,354	665,942	613,989	598,042	596,749	600,275	617,482	656,467	681,277
Total net debt applicable to the limit as a percentage of debt limit	3.1%	2.8%	2.7%	2.8%	2.7%	2.6%	2.5%	2.3%	2.0%	1.8%

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 ¹	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Coverage	Pledged Revenue ¹	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2007	289,784	187,700	102,084	18,815	14,200	3.09	55,699	29,461	26,238	4,300	3,454	3.38
2008	314,733	219,680	95,053	19,460	16,790	2.62	67,312	33,827	33,485	4,355	4,275	3.88
2009	320,447	202,904	117,543	20,572	24,941	2.58	60,886	35,639	25,247	4,473	6,728	2.25
2010	320,560	199,040	121,520	21,574	22,572	2.75	61,985	35,953	26,032	4,533	8,008	2.08
2011	319,177	212,878	106,299	23,029	25,087	2.21	84,328	35,220	49,108	4,799	9,263	3.49
2012	340,098	221,876	118,222	25,174	27,630	2.24	73,557	35,309	38,248	4,708	8,872	2.82
2013	348,187	226,997	121,190	18,486	25,941	2.73	72,700	35,940	36,760	5,395	8,700	2.61
2014	347,541	241,136	106,405	21,632	27,575	2.16	71,317	37,698	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

Fiscal Year	Sewer Revenue Bonds					
	Pledged Revenue ¹	Less: Operating Expenses ¹	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

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

¹ 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

Calendar Year	Population ¹	Personal Income ² (in thousands)	Per Capita Personal Income ²	Unemployment Rate ³
2006	289,045	6,214,628	21,501	5.1
2007	291,814	6,514,489	22,324	6.1
2008	296,038	6,665,142	22,514	8.6
2009	300,769	6,592,294	21,918	13.7
2010	304,051	6,623,143	21,783	14.8
2011	308,511	6,811,923	22,080	13.7
2012	311,955	6,923,217	22,193	9.7
2013	314,034	6,909,376	22,002	8.4
2014	314,221	6,857,559	21,824	7.9
2015	324,696	6,953,323	21,414	6.4

Sources:

¹ California State Department of Finance.

² 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.

³ State of California Employment Development Department.

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

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
County of Riverside	11,956	1	8.0%	7,210	1	4.7%
University of California	8,306	2	5.5%	6,470	2	4.2%
Kaiser	4,500	4	3.0%			
Riverside Unified School District	4,000	3	2.7%	4,000	3	2.6%
City of Riverside	2,507	5	1.7%	2,600	4	1.7%
Riverside Community Hospital	2,400	6	1.6%	1,600	8	1.0%
Riverside County Office of Education	1,765	7	1.2%			
Alvord Unified School District	1,445	8	1.0%	1,669	7	1.1%
Parkview Community Hospital	1,350	9	0.9%	1,000	10	0.6%
Riverside Community College District	1,061	10	0.7%	2,000	5	1.3%
Fleetwood Enterprises				1,875	6	1.2%
Press-Enterprise Co				1,090	9	0.7%
Total	39,290		26.2%	29,514		19.1%

Source: City of Riverside, Finance Department

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

Function	2007	2008	2009	2010	2011	2012	2013	2014²	2015	2016
General government	412.22	436.35	439.10	433.40	431.40	440.40	413.90	356.25	361.25	394.24
Public safety (sworn and non-sworn personnel)										
Police ¹	618.33	637.33	591.93	589.93	589.93	599.93	596.75	551.75	553.75	554.75
Fire	251.73	254.21	254.21	255.46	255.46	255.46	255.46	255.00	255.00	251.00
Highways and streets	286.35	318.35	369.65	349.50	348.11	357.11	362.11	333.48	308.00	308.00
Sanitation	60.29	64.29	58.60	59.00	56.00	56.00	57.00	59.00	57.00	59.00
Culture and recreation	324.26	339.52	340.71	328.07	328.07	341.22	351.48	269.98	274.45	286.75
Airport	7.00	7.00	7.00	7.00	9.50	9.50	9.50	6.00	6.00	6.00
Water	142.00	167.00	167.00	177.65	180.15	181.15	181.15	182.15	181.15	181.15
Electric	351.35	404.60	408.10	419.45	448.50	452.50	459.50	462.50	464.50	466.50
Total	2,453.53	2,628.65	2,636.30	2,619.46	2,647.12	2,693.27	2,686.85	2,476.11	2,461.10	2,507.39

¹ 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).

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

Source: City of Riverside, Finance Department

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Arrests	9,827	9,367	10,150	8,690	8,118	7,736	8,362	9,321	10,310	9,242
Fire										
Number of calls answered	27,458	27,429	26,397	26,484	27,322	27,637	29,988	30,668	32,943	35,905
Inspections	7,261	10,812	7,638	7,234	6,505	10,074	10,151	12,476	8,770	6,636
Public works:										
Street resurfacing (miles)	73.40	26.27	18.90	20.00	21.25	18.43	16.50	35.38	38.75	39.01
Parks and recreation										
Number of recreation classes	19,079	22,146	21,884	27,762	37,303	43,318	41,364	45,707	43,007	53,907
Number of facility rentals	32,980	35,076	36,822	34,565	42,638	43,288	43,358	46,432	44,363	47,772
Water										
Number of accounts	63,431	63,494	64,062	64,231	64,349	64,367	64,591	64,829	65,102	65,094
Annual consumption (ccf)	32,110,208	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
Electric										
Number of accounts	105,226	106,015	106,385	106,335	106,855	107,321	107,525	108,358	108,388	108,776
Annual consumption (kwh)	2,462	2,526	2,282	2,089	2,016	2,103	2,193	2,152	2,167	2,170
Sewer:										
New connections	15,423	16,412	18,765	16,971	17,746	18,166	17,607	17,274	17,553	17,669
Average daily sewage treatment (millions of gallons)	32.50	32.10	33.00	33.29	30.06	29.84	29.57	28.49	27.15	26.35

¹ Amounts expressed in millions

N/A - not available

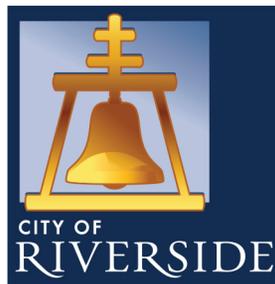
Source: City of Riverside, various departments

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

Function	Fiscal Year									
	2007 (1)	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police										
Stations	3	3	3	3	3	3	3	3	3	3
Substations	4	4	5	4	4	4	4	4	4	4
Helicopters	4	4	4	4	4	4	4	3	3	3
Fire										
Stations	14	14	14	14	14	14	14	14	14	14
Active apparatus	30	30	30	30	26	27	28	28	31	33
Reserve apparatus	6	6	7	7	9	9	11	11	8	9
Training facilities	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	852.04	864.68	866.89	867.96	868.39	868.70	868.89	871.19	872.16	872.22
Streetlights	29,028	29,312	29,675	29,757	29,868	29,933	29,949	29,968	29,986	30,427
Signalized intersections	358	363	365	362	362	365	365	367	386	381
Culture and recreation										
Parks acreage	2,773.00	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
Community centers	11	11	11	11	11	11	11	11	11	11
Playgrounds	38	38	41	41	41	41	43	44	44	46
Swimming pools	7	7	7	7	7	7	7	7	7	7
Softball & baseball diamonds	44	44	44	44	49	51	54	54	54	54
Library branches	6	6	7	7	8	8	8	8	8	8
Museum exhibit-fixed	13	8	6	5	8	5	3	3	4	5
Museum exhibit-special	2	5	2	2	2	1	4	4	5	6
Water										
Fire hydrants	7,187	7,381	7,523	7,593	7,632	7,682	7,726	7,754	7,758	7,908
Sewer										
Sanitary sewers (miles)	785	794	794	820	823	829	829	829	820	829
Electric										
Miles of overhead distribution system	528.0	523.5	522.0	519.0	517.0	515.0	513.0	513.0	513.0	513.0
Miles of underground system	704.0	741.6	769.0	782.0	791.0	804.0	810.0	814.0	815.0	817.0

Source: City of Riverside, various departments

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



City of Arts & Innovation

**3900 Main Street
Riverside, CA 92522**

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