

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019



**RIVERSIDE, CALIFORNIA**

**CITY OF RIVERSIDE, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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**CITY OF RIVERSIDE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED JUNE 30, 2019**

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**CITY OF RIVERSIDE  
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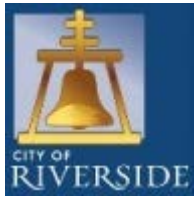
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November 7, 2019

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, 2019.

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 Lance, Soll & Lunghard, 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, 2019. The independent auditor's report is presented as the first component of the financial section of this CAFR.

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

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

## Profile of the City of Riverside

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

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

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

The biennial budget serves as the foundation for the City's financial planning and control. Consistent with the City's Charter, the City Manager presents the proposed budget to the City Council for review at least thirty-five calendar days prior to the beginning of the fiscal year. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, which is the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 26 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 81.

**Local economy:** The City is located in Inland Southern California, which consists of Riverside and San Bernardino Counties (the "MSA"). The population of Inland Southern California, at approximately 4.5 million, is larger than 24 states. The City leads the Inland Southern California in most measures of economic power, including population, income, employment, bank deposits, assessed valuation, office space and college enrollment. The population of the City is 328,101 which places it as the 12<sup>th</sup> largest in California. The Inland Empire—consisting of Riverside and San Bernardino Counties—continues a slow rebound from the trough of the Great Recession in terms of employment, income, and population growth. Gains in population have been due in part to the ongoing quest for affordable housing—the Inland Empire is one of the most affordable regions in the state.

The industry driving the most growth in the Inland Empire from May 2018 to May 2019 was Education and Healthcare, with an addition of 11,400 positions. The number two and three growth industries, Government (+5,400 positions) and Leisure and Hospitality (+4,100 positions) saw significantly less growth.

Home prices continue their climb with a combination of space, amenities, and affordability has helped drive continued home price gains in the Inland Empire. The median price for an existing single-family home is \$358,900 as of the first quarter of 2019, a 2.0% annual increase and a greater gain than occurred in Los Angeles (0.8%), San Diego County (1.8%), or Orange County, where prices fell (-0.1%). Still, the Inland Empire's median home price remains 9% below its pre-recession peak of \$393,400.

Rental market demands are strong, and renters still enjoy affordability advantage in the Inland Empire compared to surrounding regions. The average asking rent is \$1,370/month as of the first quarter of 2019, compared to \$2,029 in Los Angeles, \$1,961 in Orange County, and \$1,830 in San Diego County. The rental vacancy rate, however, is lower in the Inland Empire than in any of these other regions.

Warehousing stock added as demand continues. The Inland Empire's expanding Logistics sector is driving demand for warehouse and distribution space. Despite recent increases in new stock, and a resulting rise in the vacancy rate to 8.0%, asking rents increased 4.2% year-to-year in the first quarter of 2019.

**Goals and Vision:** In 2017, Council approved a revision to the Riverside 2.0 Strategic Plan, which established City Council Strategic Goals that aligned with the four pillars of "Seizing our Destiny". After more than a year of working towards Riverside 2.0 goals, the plan was re-examined and updated to remove goals that were accomplished, revise existing goals to better reflect priorities, and add goals consistent with new priorities. The new Riverside 2.1 strategic goals reflected seven areas of strategic priority along with five effective government principles. Through various strategic planning workshops the City Council identified the following seven strategic priorities for the City:

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

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



broad cross-section of Riverside toward one common goal – a better community for us all. The goal, or Vision, has four primary aspects for Riverside:

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

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

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

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

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

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

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

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

Additionally, the City has embarked on formulating a 10-year financial forecast model as part of providing a longer-term outlook on City finances.

**Major initiatives:** The City effectively utilizes its resources to provide quality services to the community and grow its contingency reserve. The following strategic goals set priorities for City operations.

- Maintain essential services, including public safety, community aesthetics, infrastructure, and human service programs;
- Increase the City's contingency reserve to 20 percent of General Fund adopted operating budget over the next year;
- Address the Homeless situation;
- Fund infrastructure rehabilitation;
- Create an Innovation District to provide for entrepreneurship, employment, entertainment and housing, all in one place; and
- Reduce the City's unfunded pension liability.

The City established the Office of Homeless Solutions (OHS) to address what is seemingly a national epidemic. OHS develops public and private partnerships and provides direct outreach services that coordinates services directed towards reducing and preventing homelessness by providing a wide-range of services and resources for homeless persons and increasing permanent supportive housing opportunities for very low income and long-term homeless persons to end their homelessness in the City of Riverside. As the City embarks on addressing those who are homeless, our Public Safety Engagement Team (PSET) within OHS was developed and plays a vital role in addressing the complexity of this issue. PSET is working collaboratively with other agencies and community-based organizations in a multi-pronged approach to mitigate the impacts of homelessness and promote solutions to finding long-term, supportive housing for the homeless population in Riverside.

**Measure Z:** Measure Z is a one-cent transaction and use tax, with revenues going directly to the City of Riverside. The collection of an additional one-cent sales tax authorized by voters through Measure Z began on April 1, 2017. After hearing recommended Measure Z spending options from City staff and the Budget Engagement Commission, on May 16, 2017, the City Council approved a five-year Measure Z Spending Plan for 33 initiatives that has since increased to 39 initiatives covering public safety, financial discipline/responsibility, critical operating needs, facility capital needs, quality of life, and technology. For the purposes of this Measure Z Five-Year Financial Plan, the tenets of the original spending plan have been carried through two additional years, FY 2021/22 and FY 2022/23. The one-cent increase in sales tax was estimated to generate between \$48 million and \$52 million annually; however, at the end of fiscal June 30, 2019, the second full year of Measure Z revenue, the revenue continues to outperform expectations and was approximately \$62 million.

**General Fund Restructuring:** The Grants and Restricted Programs Fund was created in 2018-19 to account for grants and programs that have historically been recorded in the General Fund. This fund was created as part of the City's General Fund Restructuring Plan to provide for greater transparency between true General Fund activity and other financial activity. Grants, by their very nature, are self-supporting activities

In addition to the creation of the new Grants Fund, the City completed the allocation of the remaining non-General Fund debt to the appropriate funds to properly reflect their proportional share of the obligations. The intent and impact of the restructuring was to right

size the General Fund to include only true operating activity of the City within the fund while creating better transparency of City finances.

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

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

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

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

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

The City's General Fund Reserve Policy, adopted by the City Council on September 6, 2016, requires maintaining the General Fund reserve at 15%. The City Council set an aspiration goal of the General Fund Reserve at 20%; this goal was recently reaffirmed through adoption of the "Responsible Spending Vision Pledge" on October 4, 2016. As of June 30, 2019 the General Fund reserve is currently at its aspirational goal of 20% or \$56 million.

In a continued effort of fiscal discipline and accountability, the City established a Measure Z reserve policy which was adopted by the City Council on April 2, 2019. The policy requires maintaining a Measure Z reserve of \$5 million. With the Measure Z revenue continuing

to outperform expectations this reserve requirement has been satisfied.

One of the biggest challenges to the City's long-term financial sustainability is the long-term unfunded pension obligations for City employees under CalPERS. Pension costs make up 8% of the City's total budget and 16% of the operating budget, and to a large extent are outside staff's direct control. Recent projections indicate that pension costs are expected to rise by as much as 73% by FY 2029/30. The City has consistently taken steps to mitigate the impacts of increases in pension costs including adopting a two-tier retirement system, pre-paying the annual unfunded accrued liability payment, and increasing employee contributions towards their pensions. In an effort to address the growing pension challenges facing states and local governments nationwide, the City adopted a Pension Funding Policy

The City will create a Pension Stabilization Fund that will deploy resources in the following manner:

- Establish a Section 115 Pension Trust to realize greater investment returns than what is currently available through the City's cash pool investments. An outside investment advisor shall be hired to administer the trust.
- Pre-pay the City's annual Unfunded Accrued Liability (UAL) payment to save on interest costs. On July 1 of each year, the City receives its annual CalPERS UAL invoice. By pre-paying the entire balance due by July 31 the City can save over a million dollars annually. As such, every effort should be made to pre-pay the UAL upon receipt of the annual invoice.
- Unanticipated one-time revenues or settlements shall be prioritized at a rate of 50% of the revenue alongside other critical needs to make a one-time payments to CalPERS to pay-off a portion of the City's UAL to save on interest payments, reduce annual payments, and lower annual operating expenses. Payments would be incorporated into the City's annual budget for City Council consideration and will only be utilized if the general fund is not projected to end the year at a deficit.

In addition to establishing a Pension Stabilization Fund, this policy provides the following guidance:

- As part of the annual budget process, City staff shall set aside a portion of any projected year-end increase in fund balance to manage increases in pension contributions. Actual one-time transfers made to the Pension Stabilization Fund will vary on a year-to-year basis depending upon the actual fiscal year end audited reserve balance.
- City staff shall work with its financial and other advisors to refinance its debt obligation bonds when it can achieve savings consistent with the City's Debt Management Policy and redirect any savings to the Pension Stabilization Fund.
- Upon maturity of General Fund Debt Obligation, staff will present a plan to reallocate all or a portion of debt service payments that have matured to the Pension Stabilization program as long as there is no general fund deficit at the time of debt maturity.

## 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, 2018. This was the thirtieth consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized CAFR that satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. This award is valid for a period of one year only. We believe that our current CAFR continues to meet the Program's requirements and we are submitting it to the GFOA again this year.

The Government Finance Officers Association (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2018. The City received the award for the second time for the June 30, 2018 report and has continued to prepare an award-winning report. This is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. The Award is for a period of one year only. The City will continue to participate in the program.

**Budget Presentation Award:** The City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2018. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

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

Respectfully submitted,



Edward Enriquez  
Chief Financial Officer/City Treasurer



Government Finance Officers Association

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

Presented to

**City of Riverside  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

A handwritten signature in black ink that reads "Christopher P. Morill". The signature is written in a cursive, flowing style.

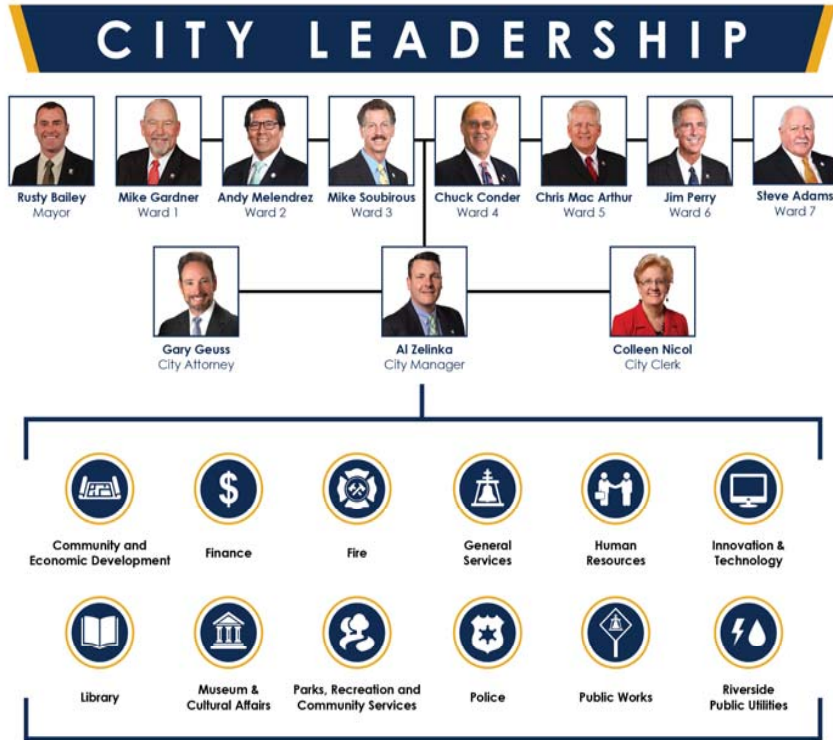
Executive Director/CEO

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, 2018.

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

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

**ORGANIZATION CHART**



**LEGISLATIVE OFFICIALS**

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

**CITY OFFICIALS**

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

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

\*Appointed by City Council







## INDEPENDENT AUDITORS' REPORT

To the 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 City of Riverside, California, (the City) as of and for the year ended June 30, 2019, 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 entity'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.



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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Riverside, California, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the 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, the schedule of changes in net pension liability and related ratios, the schedule of plan contributions, and the schedule of changes in total OPEB liability and related ratios 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 introductory section, combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial 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. The 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 nonmajor fund financial 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.



CPAs AND ADVISORS

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Lance, Soll & Lughard, LLP*

Brea, California  
November 7, 2019

## **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, 2019. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on page i of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars (0,000).

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

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

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages 20-21 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 fifteen 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, Capital Outlay Fund, and General Debt Service Fund which are major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and can be found on pages 77-83 in this report.

The City adopted an annual appropriated budget for its General Fund for the Year ended June 30, 2019. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 22-26 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements (*business-type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water and Sewer operations, all of which are considered to be major funds of the City. The five remaining proprietary funds noted above are combined into a single, aggregated presentation. All internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major proprietary funds and the internal service funds is provided in the form of *combining statements* and can be found on pages 85-94 in this report.

The basic proprietary fund financial statements can be found on pages 27-31 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 32-33 of this report, and the combining statement for the agency fund can be found on page 96.

**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 34 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 377,554	\$ 284,312	\$ 786,344	\$ 698,172	\$ 1,163,898	\$ 982,484
Capital assets, net	1,254,650	1,305,799	1,975,974	1,914,775	3,230,624	3,220,574
Total assets	1,632,204	1,590,111	2,762,318	2,612,947	4,394,522	4,203,058
Deferred Outflows of Resources	114,079	139,335	77,646	84,789	191,725	224,124
Current liabilities	59,495	54,472	86,463	125,417	145,958	179,889
Long-term liabilities	780,068	817,358	1,619,227	1,462,028	2,399,295	2,279,386
Total liabilities	839,563	871,830	1,705,690	1,587,445	2,545,253	2,459,275
Deferred Inflows of Resources	33,672	16,037	44,543	30,204	78,215	46,241
Net position:						
Net investment in capital assets	1,102,837	1,093,896	867,206	800,227	1,970,043	1,894,123
Restricted	126,551	112,183	67,057	80,717	193,608	192,900
Unrestricted	(356,340)	(364,500)	155,468	199,143	(200,872)	(165,357)
Total net position	\$ 873,048	\$ 841,579	\$ 1,089,731	\$ 1,080,087	\$ 1,962,779	\$ 1,921,666

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,962,779 at June 30, 2019, an increase of \$41,113 from June 30, 2018.

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

An additional portion of the City's net position 10% represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$155,468 is held by the business-type activities and \$(356,340) net deficit is held by the governmental activities.

Unrestricted net position in the amount of \$(200,872), a net position decrease of 21% from prior year, is the change in resources available to fund City programs to citizens and debt obligations to creditors. The negative unrestricted net position is primarily the result of the reporting of the City's net pension liability in accordance with an accounting standard issued by the Government Accounting Standards

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

Governmental activities increased the City's net position by \$31,469 to \$873,048 for the year ended June 30, 2019.

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, 2019 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	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charge for services	\$ 45,225	\$ 38,117	\$ 539,676	\$ 544,164	\$ 584,901	\$ 582,281
Operating Grants and Contributions	23,966	22,548	3,093	3,374	27,059	25,922
Capital Grants and Contributions	27,450	18,039	10,607	26,957	38,057	44,996
General Revenues:						
Sales taxes	130,645	120,338	-	-	130,645	120,338
Property taxes	69,478	63,515	-	-	69,478	63,515
Other taxes and fees	40,428	39,263	-	-	40,428	39,263
Investment income	7,500	5,187	19,488	3,939	26,988	9,126
Other	156	4,450	10,322	12,901	10,478	17,351
Total Revenues	<u>344,848</u>	<u>311,457</u>	<u>583,186</u>	<u>591,335</u>	<u>928,034</u>	<u>902,792</u>
Expenses:						
General government	51,139	45,360	-	-	51,139	45,360
Public safety	201,942	216,772	-	-	201,942	216,772
Highways and streets	43,770	42,544	-	-	43,770	42,544
Culture and recreation	31,200	38,362	-	-	31,200	38,362
Interest on long-term debt	10,045	12,414	-	-	10,045	12,414
Electric	-	-	347,804	333,061	347,804	333,061
Water	-	-	70,912	68,281	70,912	68,281
Sewer	-	-	70,137	54,136	70,137	54,136
Entertainment	-	-	24,151	19,995	24,151	19,995
Airport	-	-	1,972	2,179	1,972	2,179
Refuse	-	-	24,205	22,082	24,205	22,082
Transportation	-	-	4,493	4,782	4,493	4,782
Public parking	-	-	5,151	6,186	5,151	6,186
Total expenses	<u>338,096</u>	<u>355,452</u>	<u>548,825</u>	<u>510,702</u>	<u>886,921</u>	<u>866,154</u>
Increase (decrease) in net position	6,752	(43,995)	34,361	80,633	41,113	36,638
Transfers, net	<u>37,115</u>	<u>41,459</u>	<u>(37,115)</u>	<u>(41,459)</u>	<u>-</u>	<u>-</u>
Total changes in net position	<u>43,867</u>	<u>(2,536)</u>	<u>(2,754)</u>	<u>39,174</u>	<u>41,113</u>	<u>36,638</u>
Net position - beginning, as previously stated	<u>841,579</u>	<u>845,116</u>	<u>1,080,087</u>	<u>1,041,530</u>	<u>1,921,666</u>	<u>1,886,646</u>
Prior period adjustment	<u>(12,398)</u>	<u>(1,001)</u>	<u>12,398</u>	<u>(617)</u>	<u>-</u>	<u>(1,618)</u>
Net position - beginning, as restated	<u>829,181</u>	<u>844,115</u>	<u>1,092,485</u>	<u>1,040,913</u>	<u>1,921,666</u>	<u>1,885,028</u>
Net position - ending	<u>\$ 873,048</u>	<u>\$ 841,579</u>	<u>\$ 1,089,731</u>	<u>\$ 1,080,087</u>	<u>\$ 1,962,779</u>	<u>\$ 1,921,666</u>

**Governmental activities.** Total change in net position for governmental activities increased by \$31,469 while prior fiscal year decreased by \$(2,536). Key elements of this year's activity in relation to the prior year are as follows:

**Revenues:**

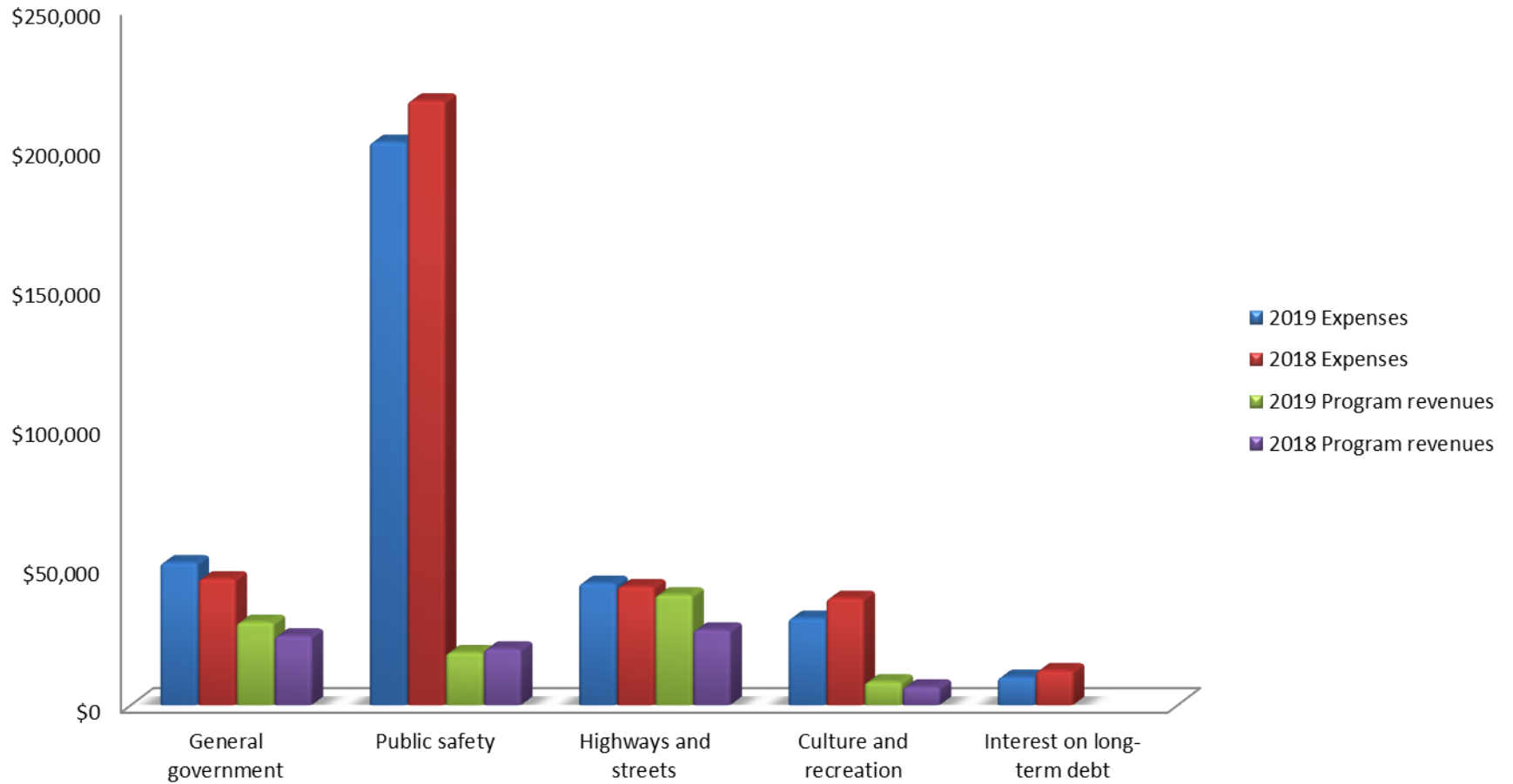
- While variances between years exist for the various revenue categories, the total net increase was approximately \$33.4 million or 11%, which is largely attributable to an increase in capital grants and contributions as well as significant increases in sales tax, property taxes, and charges for services. The increase in capital grants and contributions of 52% is due largely to the City's allocation of Road Maintenance and Rehabilitation funds from the State of California (SB1) with an increase of approximately \$5 million over prior year. These funds are used for local street and road repairs throughout the City.

**Expenses:**

- While variances between years exist for the various expense functions, the total net decrease was approximately \$(17.4) million or (5%). This is primarily related to a decrease of approximately \$28 million in pension expense related to the annual recording of the City's pension liability; \$21.2 million of the decrease in pension expense was related to public safety.

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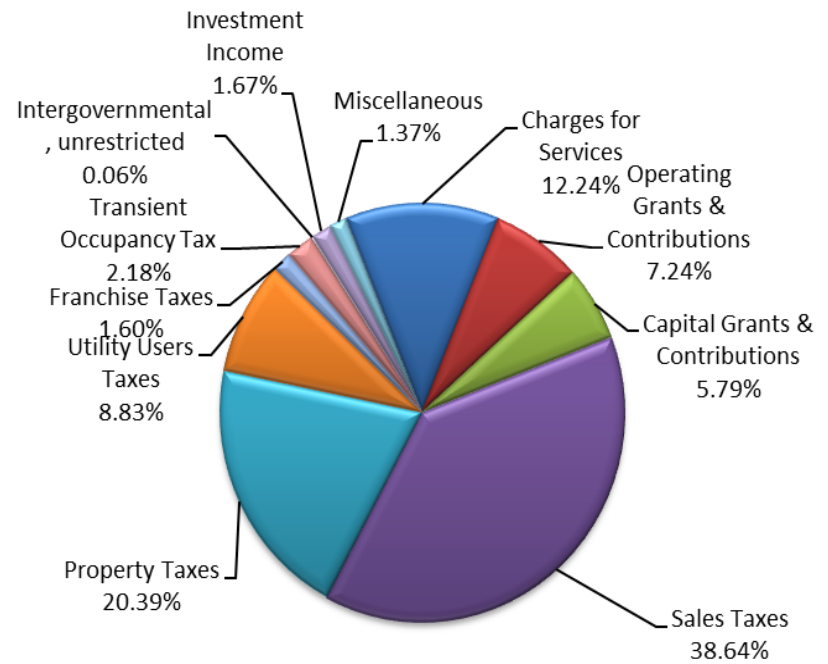
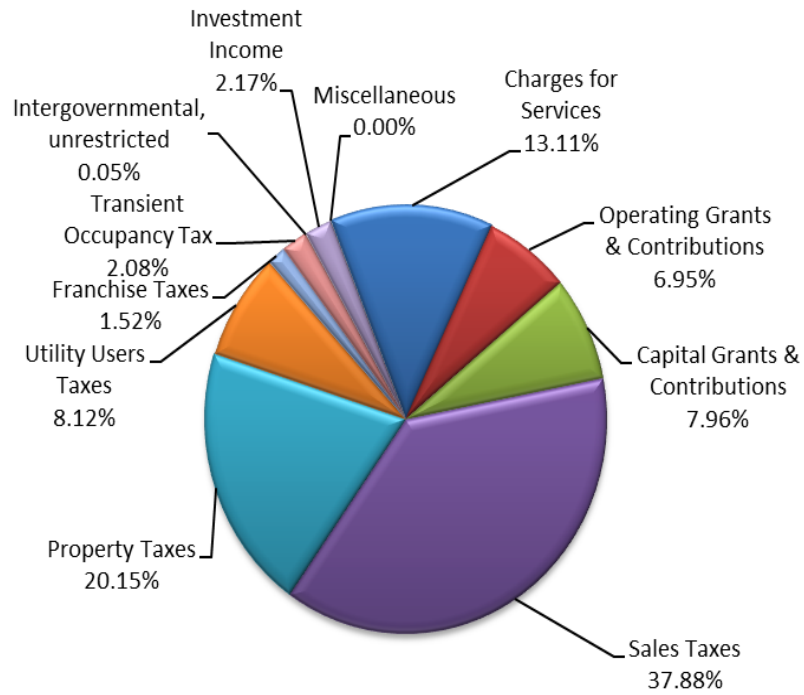
**Program Revenues and Expenses – Governmental Activities – Fiscal Year Comparison 2019 vs. 2018**



Revenues by Source – Governmental Activities – Fiscal Year Comparison 2019 vs. 2018

2019

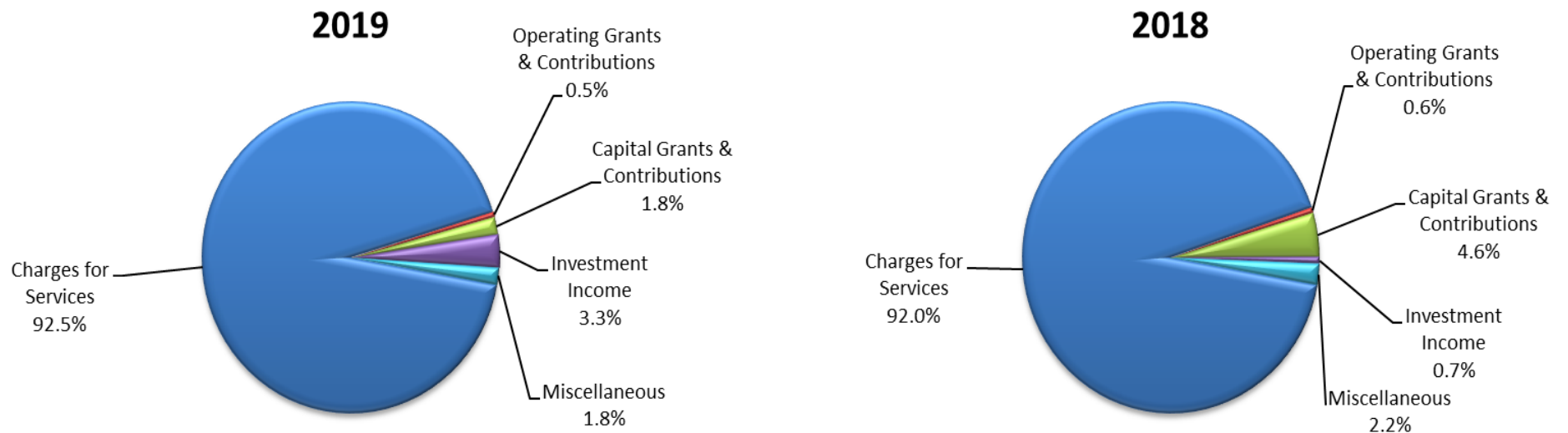
2018



**Business-type activities.** Total net position for business-type activities increased by \$9,644 while prior fiscal year increased by \$39,174. Key elements of this year’s activity in relation to the prior year are as follows:

- Charges for services slightly decreased from prior year along all service lines resulting in a decrease of \$(4,488) or .8%. Water charges for services decreased \$1,651 due to decreases in consumption and water conveyance revenue and Public Parking Fund charges for services decreased by \$1,654 primarily due to a reduction in parking fines for unplanned street sweeping sign replacement project that began in August 2018.
- Overall expenses increased by \$38,123 or 7.5%. The Electric, Water and Sewer Funds had increased operating expenses of \$13,819, \$654 and \$2,662 respectively. The majority of the increase is due to interest expense on bond debt.

**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		General Debt Service		Other Governmental Funds		Total Governmental Funds	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total assets	\$ 161,791	\$ 127,266	\$ 73,977	\$ 27,688	\$ 10,856	\$ 14,307	\$ 95,673	\$ 89,501	\$ 342,297	\$ 258,762
Total liabilities	\$ 35,999	\$ 32,957	\$ 3,383	\$ 1,159	\$ 3,997	\$ 2,781	\$ 7,130	\$ 6,565	\$ 50,509	\$ 43,462
Deferred inflows of resources										
Unavailable revenue	4,625	4,685	117	81	34	17	43,908	38,752	48,684	43,535
Fund balances										
Nonspendable	949	1,947	-	-	-	-	1,560	4,855	2,509	6,802
Restricted	3,411	2,991	70,477	26,448	6,825	11,509	43,075	39,329	123,788	80,277
Committed	65,916	53,800	-	-	-	-	-	-	65,916	53,800
Assigned	26,984	23,242	-	-	-	-	-	-	26,984	23,242
Unassigned	23,907	7,644	-	-	-	-	-	-	23,907	7,644
Total fund balance	121,167	89,624	70,477	26,448	6,825	11,509	44,635	44,184	243,104	171,765
Total liabilities, deferred inflows and fund balances	\$ 161,791	\$ 127,266	\$ 73,977	\$ 27,688	\$ 10,856	\$ 14,307	\$ 95,673	\$ 89,501	\$ 342,297	\$ 258,762

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$243,104 an increase of \$71,339 compared to the prior year. Additionally, 1% of the fund balance \$2,509 is *nonspendable*, which comprises the portion of fund balance that cannot be spent due to form. \$123,788 or 51% of fund balance is *restricted*, which represents the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors. *Committed* fund balance of \$65,916 or 27% of the fund balance was set aside for economic contingencies (\$61,000) and for unfunded accrued liabilities (\$4,916). Committed for economic contingencies consists of 20% of the 2019-20 General Fund adopted expenditure budget of \$280,000 or \$56,000 and \$5,000 for General Fund – Measure Z. \$26,984 or 11% 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 \$23,907 or 10% is *unassigned*, meaning it is available for spending at the City's discretion. The City's governmental funds

reported combined total assets of \$342,297 at June 30, 2019, an increase of \$83,535 compared to the prior year. Liabilities and deferred inflows of resources amounted to \$99,193, an increase of \$12,196.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled \$121,167, in comparison to \$89,624 in the prior year. The increase in fund balance is due to increased sales tax revenues, property tax revenues, utility users tax revenue, and the cost saving efforts by departments during the current year.

**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 \$206,963, \$1,358, and \$42,101 respectively. The unrestricted net position for the Electric, Water and Sewer Funds in the prior year was \$189,276, \$5,349, and \$46,821, respectively. The increase in unrestricted net position of the Electric Fund was primarily attributable to the use of bond proceeds to fund capital projects and positive operating results. The decrease in unrestricted net position of the Water Fund was primarily attributable to a decrease in cash provided by operating activities, offset by use of bond proceeds to fund capital projects. The decrease in unrestricted net position for the Sewer Fund is primarily a result of operating activities as described below.

Electric Fund operating results experienced a decrease in charges for services of \$946 due to a slight decrease in consumption and investment income increased by \$10,805 due to an increase in cash balances as a result of the 2019 Electric Revenue Refunding Bonds and a higher overall interest rate in the current fiscal year.

The Water Fund operating results experienced a decrease of \$613 in Retail Sales. Retail sales (residential, commercial, industrial, and other sales) represent 88.5% of total revenues. Retail sales, net of reserve/recovery were \$57,603 and \$58,216 for the years ended June 30, 2019 and 2018, respectively. The decrease in retail sales was primarily due to a decrease in consumption. Overall expenses were higher due to an increase in interest and fiscal charges as a result of the 2019 Water Revenue Refunding Bonds issue, an increase in depreciation and an increase in general operations and maintenance costs.

Net position of the Sewer Fund increased by \$3,390 for the year ended June 30, 2019 and increased \$12,655 for the year ended June 30, 2018. Operating revenues decreased slightly during the year partially due to refunds owed to Jurupa, Rubidoux, Edgemont Community Service Districts for overpayments on wastewater service agreements.

Interest expense and fiscal charges increased by \$13,339 as a result of the current year issuance of refunding sewer bonds.

## General Fund Budgetary Highlights

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Total Revenues	<u>262,924</u>	<u>269,824</u>	<u>279,819</u>	<u>\$9,995</u>
Expenditures:				
General Government	20,327	29,859	10,004	19,855
Public Safety	184,654	191,214	186,863	4,351
Highways & Streets	20,242	22,122	20,289	1,833
Culture & Recreation	30,397	33,218	29,806	3,412
Capital Outlay	231	3,414	1,815	1,599
Debt Service	<u>0</u>	<u>-</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>255,851</u>	<u>279,827</u>	<u>248,777</u>	<u>31,050</u>
Excess (deficiency) of revenues over (under) expenditures	7,073	(10,003)	31,042	41,045
Other financing sources	<u>(591)</u>	<u>(1,769)</u>	<u>501</u>	<u>2,270</u>
Net change in fund balances	6,482	(11,772)	31,543	43,315
Fund balance - beginning, as previously stated	<u>89,624</u>	<u>89,624</u>	<u>89,624</u>	<u>0</u>
Prior period adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - ending	<u>96,106</u>	<u>77,852</u>	<u>121,167</u>	<u>\$43,315</u>

The primary reason for final budgeted revenues and expenditures increasing from the Original Budget is a result of grant and project related appropriations.

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

Actual expenditures were less than final budgeted amounts by approximately \$31.0 million. This is primarily associated with unspent appropriations for grants, capital projects and other special programs that were not completed during the year (which are carried over to the next fiscal year) as well as the cost saving efforts by City Departments.



## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for governmental and business-type activities as of June 30, 2019 amounted to \$3,230,624 (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 \$10,050 (a decrease of \$51,149 for governmental activities and an increase of \$61,199 for business-type activities).

Major capital improvements during the current fiscal year included ongoing projects: consisting primarily of roads of \$19 million; fire equipment and vehicles of \$12 million; sewer tertiary treatment plant of \$8 million; \$27 million in Water Utility upgrades primarily related to system expansion and improvements, and continued pipeline replacement programs; and \$36 million in Electric Utility capital improvements primarily related to improvements to the Electric system in the form of substations, transformers, underground conduit and conductors, neighborhood streetlights, and distribution line extensions and replacements to serve customers.

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

(Amount presented in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$336,997	\$343,022	\$98,601	\$94,900	\$435,598	\$437,922
Construction in progress	49,288	68,894	114,904	102,579	164,192	171,473
Buildings	76,046	110,802	493,581	466,259	569,627	577,061
Improvements other than Buildings	128,288	146,343	1,199,740	1,177,665	1,328,028	1,324,008
Machinery and equipment	34,655	23,170	32,362	33,888	67,017	57,058
Intangibles	43	87	36,786	39,484	36,829	39,571
Infrastructure	629,333	613,481	-	-	629,333	613,481
<b>Total</b>	<b>\$1,254,650</b>	<b>\$1,305,799</b>	<b>\$1,975,974</b>	<b>\$1,914,775</b>	<b>\$3,230,624</b>	<b>\$3,220,574</b>

Additional information on the City's capital assets can be found in note 5 on page 45 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$1,731,598 which includes bonded debt of \$1,533,335.

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

(Amounts presented in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$9,179	\$10,388	\$ -	\$ -	\$9,179	\$10,388
Pension Obligation Bonds	50,486	60,883	14,775	18,324	65,261	79,207
Certificates of Participation	99,178	150,800	29,692	-	128,870	150,800
Lease Revenue Bonds	80,416	36,246	7,867	-	88,283	36,246
Revenue Bonds	-	-	1,241,743	1,139,864	1,241,743	1,139,864
Loans Payable	1,329	1,746	-	-	1,329	1,746
Notes Payable	-	-	73,673	78,583	73,673	78,583
Capital Leases	21,422	25,647	5,192	6,821	26,614	32,468
Landfill Capping	-	-	11,136	4,770	11,136	4,770
Water Acquisition Rights	-	-	937	937	937	937
Compensated Absences	27,072	24,985	9,042	8,596	36,114	33,581
Claims liability	48,459	46,232	-	-	48,459	46,232
<b>Total</b>	<b><u>\$337,541</u></b>	<b><u>\$356,927</u></b>	<b><u>\$1,394,057</u></b>	<b><u>\$1,257,895</u></b>	<b><u>\$1,731,598</u></b>	<b><u>\$1,614,822</u></b>

The City's total debt increased by \$116,776 or 7.23% during the current fiscal year. The net increase is primarily related to the issuance of the 2018A Sewer Bonds, 2019A Electric and Water Bonds, 2019A Bonds for Galleria at Tyler for public improvements and the 2019B Bonds for the Main Library Construction project.

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 for fixed rate bonds and "A" and "AA-" ratings for the variable rate bond from Standard & Poors and Fitch, respectively. 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 \$779,945 at June 30, 2019, which applies only to general obligation debt. At June 30, 2019, the City had \$9,179 of general obligation debt, resulting in available legal debt capacity of \$770,766.

Additional information on the City's long-term debt can be found in note 8 beginning on page 48 of this report.

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

- ❑ Unemployment in the City of Riverside is 3.9% as compared to 4.4% for the prior year.
- ❑ The largest impact to the City's long-term financial stability relates to pension costs from CalPERS. Over the next five years, the City's total unfunded accrued liability payments will increase 48% from \$42 million in FY 2019-20 to approximately \$62 million in FY 2025-26.

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

- Retroactive retirement benefit enhancements for City employees between 2001 and 2006.
- Long-term investment returns not meeting expectations (e.g. CalPERS reported a 6.7% net return on investments for the 12-month period ending June 30, 2019 from an estimated 7%. This year's return brings total fund performance to 5.8% for the five-year time period, 9.1% for the 10-year time period, and 5.8% for the 20-year time period. Over the past 30 years, the CalPERS fund has returned an average of 8.1% annually)
- Increased contributions resulting from the CalPERS anticipated return-on-investment rate over the past 15 years, which was decreased from 8.25% to 7%.
- CalPERS expects retirees to live longer.

CalPERS began to collect employer contributions toward the plan's unfunded liability as dollar amounts instead of prior method of a contribution rate combined with the normal cost rate effective July 1, 2018. As a result, the following lists the two required contribution components per plan for FY 2019/20:

- Miscellaneous Plan – 12.866%. Unfunded Liability Payment of \$21,970
- Safety Plan – 21.363%. Unfunded Liability Payment of \$18,476

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

The General Fund Budget for fiscal year 2019/20 of approximately \$282 million was adopted. It represents an increase from the prior year of approximately 4.8%. Expenditure growth is expected to outpace revenue growth due to the rising costs of PERS.

### **Request for information**

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



City of Riverside  
Statement of Net Position  
June 30, 2019  
(amounts expressed in thousands)

Assets	Governmental	Business-type	Total
	Activities	Activities	
Cash and investments	\$ 230,445	\$ 430,704	\$ 661,149
Receivables, net	94,364	52,523	146,887
Inventory	6,811	2,976	9,787
Prepaid items	837	17,824	18,661
Deposits	-	1,613	1,613
Other	-	300	-
Internal balances	(3,470)	3,470	-
Restricted assets:			
Cash and cash equivalents	-	61,013	61,013
Cash and investments at fiscal agent	45,544	191,699	237,243
Other	-	4,768	4,768
Advances to Successor Agency Trust Fund	-	3,803	3,803
Land and improvements held for resale	3,023	-	3,023
Regulatory assets	-	15,651	15,651
Land and other capital assets not being depreciated	386,285	234,997	621,282
Capital assets (net of accumulated depreciation)	<u>868,365</u>	<u>1,740,977</u>	<u>2,609,342</u>
Total assets	<u>1,632,204</u>	<u>2,762,318</u>	<u>4,394,522</u>
<b>Deferred Outflows of Resources</b>			
Changes in derivative values	10,473	23,256	33,729
Charge on refunding	2,741	16,400	19,141
Pension related items	<u>100,865</u>	<u>37,990</u>	<u>138,855</u>
Total deferred outflows of resources	<u>114,079</u>	<u>77,646</u>	<u>191,725</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	35,540	27,766	63,306
Accrued interest payable	1,342	16,950	18,292
Unearned revenue	802	1,961	2,763
Deposits	8,813	8,622	17,435
Derivative instruments	12,998	31,164	44,162
Noncurrent liabilities:			
Due within one year			
Long-term obligations	23,822	34,337	58,159
Compensated absences	16,424	7,929	24,353
Claims liability	9,543	-	9,543
Landfill capping	-	559	559
Decommissioning liability	-	5,335	5,335
Due in more than one year			
Long-term obligations	238,188	1,339,542	1,577,730
Compensated absences	10,648	1,113	11,761
Claims liability	38,916	-	38,916
Landfill capping	-	10,577	10,577
Decommissioning liability	-	52,864	52,864
Regulatory liability	-	6,336	6,336
Net OPEB liability	21,590	16,748	38,338
Net pension liability	<u>420,937</u>	<u>143,887</u>	<u>564,824</u>
Total liabilities	<u>839,563</u>	<u>1,705,690</u>	<u>2,545,253</u>
<b>Deferred Inflows of Resources</b>			
Regulatory charges	-	16,361	16,361
Deferred charges on refunding	-	712	712
OPEB related items	942	578	1,520
Pension related items	<u>32,730</u>	<u>26,892</u>	<u>59,622</u>
Total deferred inflows of resources	<u>33,672</u>	<u>44,543</u>	<u>78,215</u>
<b>Net Position</b>			
Net investment in capital assets	1,102,837	867,206	1,970,043
Restricted for:			
Expendable:			
Capital projects	41,889	-	41,889
Debt service	1,636	25,906	27,542
Economic development	18,619	-	18,619
Landfill capping	-	2,500	2,500
Public works	21,303	-	21,303
Housing	41,607	-	41,607
Programs and regulatory requirements	-	38,651	38,651
Nonexpendable	1,497	-	1,497
Unrestricted	<u>(356,340)</u>	<u>155,468</u>	<u>(200,872)</u>
Total net position	<u>\$ 873,048</u>	<u>\$ 1,089,731</u>	<u>\$ 1,962,779</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, 2019  
(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	\$ 51,139	\$ (25,363)	\$ 29,281	\$ 17	\$ 459	\$ 3,981	\$ -	\$ 3,981
Public safety	201,942	10,888	2,443	14,543	1,906	(193,938)	-	(193,938)
Highways and streets	43,770	3,804	6,036	8,549	25,008	(7,981)	-	(7,981)
Culture and recreation	31,200	10,671	7,465	857	77	(33,472)	-	(33,472)
Interest on long-term debt	10,045	-	-	-	-	(10,045)	-	(10,045)
Total governmental activities	338,096	-	45,225	23,966	27,450	(241,455)	-	(241,455)
Business type activities:								
Electric	347,804	-	363,570	-	6,383	-	22,149	22,149
Water	70,912	-	65,177	-	3,119	-	(2,616)	(2,616)
Sewer	70,137	-	64,282	-	730	-	(5,125)	(5,125)
Civic Entertainment	24,151	-	16,977	-	-	-	(7,174)	(7,174)
Airport	1,972	-	1,618	-	-	-	(354)	(354)
Refuse	24,205	-	23,004	-	-	-	(1,201)	(1,201)
Transportation	4,493	-	444	3,093	375	-	(581)	(581)
Public parking	5,151	-	4,604	-	-	-	(547)	(547)
Total business type activities	548,825	-	539,676	3,093	10,607	-	4,551	4,551
Total	\$ 886,921	-	\$ 584,901	\$ 27,059	\$ 38,057	\$ (241,455)	\$ 4,551	\$ (236,904)
General revenues:								
Taxes:								
Sales						130,645	-	130,645
Property						69,478	-	69,478
Utility users						28,009	-	28,009
Franchise						5,256	-	5,256
Transient occupancy tax						7,163	-	7,163
Intergovernmental, unrestricted						156	-	156
Investment income						7,500	19,488	26,988
Miscellaneous						-	10,322	10,322
Subtotal						248,207	29,810	278,017
Transfers, net						37,115	(37,115)	-
Total general revenues and transfers						285,322	(7,305)	278,017
Change in net position						43,867	(2,754)	41,113
Net position - beginning, as previously stated						841,579	1,080,087	1,921,666
Prior period adjustment						(12,398)	12,398	-
Net position - beginning, as restated						829,181	1,092,485	1,921,666
Net position - ending						\$ 873,048	\$ 1,089,731	\$ 1,962,779

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

City of Riverside  
Balance Sheet  
Governmental Funds  
June 30, 2019  
(amounts expressed in thousands)

Assets	General Fund	Capital Outlay Fund	General Debt Service	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 120,147	\$ 35,435	\$ -	\$ 40,710	\$ 196,292
Cash and investments at fiscal agent	14	34,222	10,644	664	45,544
Receivables (net of allowance for uncollectibles)					
Interest	346	121	40	147	654
Property taxes	4,113	-	141	96	4,350
Sales tax	22,680	-	-	-	22,680
Utility billed	1,295	-	-	-	1,295
Accounts	5,017	387	31	4	5,439
Intergovernmental	4,782	3,812	-	8,089	16,683
Notes	10	-	-	43,052	43,062
Prepaid items	774	-	-	63	837
Deposits	-	-	-	-	-
Due from other funds	2,438	-	-	-	2,438
Land & improvements held for resale	175	-	-	2,848	3,023
Total assets	<u>\$ 161,791</u>	<u>\$ 73,977</u>	<u>\$ 10,856</u>	<u>\$ 95,673</u>	<u>\$ 342,297</u>
<b>Liabilities</b>					
Accounts payable	\$ 7,664	\$ 3,012	\$ 115	\$ 2,779	\$ 13,570
Accrued payroll	19,261	-	-	6	19,267
Retainage payable	14	280	-	727	1,021
Intergovernmental	218	-	-	1	219
Unearned revenue	29	91	-	682	802
Deposits	8,813	-	-	-	8,813
Due to other funds	-	-	1,513	925	2,438
Advances from other funds	-	-	2,369	2,010	4,379
Total liabilities	<u>35,999</u>	<u>3,383</u>	<u>3,997</u>	<u>7,130</u>	<u>50,509</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	4,625	117	34	43,908	48,684
Total deferred inflows of resources	<u>4,625</u>	<u>117</u>	<u>34</u>	<u>43,908</u>	<u>48,684</u>
<b>Fund Balances</b>					
Nonspendable:					
Inventories, prepaids and deposits	774	-	-	63	837
Land & improvements held for resale	175	-	-	-	175
Permanent fund principal	-	-	-	1,497	1,497
Restricted for:					
Housing and redevelopment	-	-	-	16,668	16,668
Debt service	2,226	-	6,825	-	9,051
Transportation and public works	-	70,477	-	20,902	91,379
Other purposes	1,185	-	-	5,505	6,690
Committed for:					
Economic contingency	61,000	-	-	-	61,000
Unfunded accrued liability	4,916	-	-	-	4,916
Assigned to:					
General government	2,525	-	-	-	2,525
Public safety	2,952	-	-	-	2,952
Highways and streets	351	-	-	-	351
Culture and recreation	611	-	-	-	611
Continuing projects	20,545	-	-	-	20,545
Unassigned	23,907	-	-	-	23,907
Total fund balances	<u>121,167</u>	<u>70,477</u>	<u>6,825</u>	<u>44,635</u>	<u>243,104</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 161,791</u>	<u>\$ 73,977</u>	<u>\$ 10,856</u>	<u>\$ 95,673</u>	<u>\$ 342,297</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, 2019**  
**(amounts expressed in thousands)**

Total fund balances - governmental funds \$ 243,104

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. 1,247,735

Deferred refunding charges are not available resources and, therefore, are not reported in the funds. 2,741

Deferred outflows on pensions related items 99,076

Deferred inflows on pensions related items (31,463)

Deferred inflows on OPEB related items (906)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 48,684

Accrued interest payable for the current portion of interest due on various debt issues has not been reported in the governmental funds. (1,342)

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

Bonds	\$ (131,364)	
Certificates of participation	(98,288)	
Capital leases	(21,422)	
Loan payable	(1,329)	
Bond premiums	(9,002)	
Net OPEB liability	(20,608)	
Net pension liability	(414,162)	
Compensated absences	(26,638)	
		(722,813)

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	\$ (12,998)	
Deferred amount related to the hedgeable portion of the derivative instrument	10,473	
		(2,525)

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. (9,243)

Net position of governmental activities \$873,048

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, 2019**  
**(amounts expressed in thousands)**

	<b>General Fund</b>	<b>Capital Outlay Fund</b>	<b>General Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Taxes	\$ 240,416	\$ -	\$ -	\$ -	\$ 240,416
Licenses and permits	10,357	-	-	3,960	14,317
Intergovernmental	3,466	13,904	-	27,580	44,950
Charges for services	16,291	-	-	636	16,927
Fines and forfeitures	2,078	-	-	-	2,078
Special assessments	535	1,000	1,333	5,105	7,973
Rental and investment income	3,389	943	891	1,325	6,548
Miscellaneous	3,287	871	40	1,172	5,370
Total revenues	<u>279,819</u>	<u>16,718</u>	<u>2,264</u>	<u>39,778</u>	<u>338,579</u>
<b>Expenditures</b>					
Current:					
General government	10,004	-	509	8,367	18,880
Public safety	186,863	-	-	11,500	198,363
Highways and streets	20,289	-	-	638	20,927
Culture and recreation	29,806	251	-	471	30,528
Capital outlay	1,815	20,144	-	19,626	41,585
Debt service:					
Principal	-	-	37,839	28	37,867
Interest	-	1	10,427	65	10,493
Bond issuance costs	-	411	443	-	854
Total expenditures	<u>248,777</u>	<u>20,807</u>	<u>49,218</u>	<u>40,695</u>	<u>359,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,042</u>	<u>(4,089)</u>	<u>(46,954)</u>	<u>(917)</u>	<u>(20,918)</u>
<b>Other financing sources (uses)</b>					
Transfers in	51,763	10,747	30,855	1,406	94,771
Transfers out	(51,262)	(3,199)	(4,189)	(38)	(58,688)
Issuance of long-term debt	-	33,505	15,980	-	49,485
Other finance sources - bond premium/(discount)	-	6,916	(376)	-	6,540
Proceeds from the sale of capital assets	-	149	-	-	149
Total other financing sources (uses)	<u>501</u>	<u>48,118</u>	<u>42,270</u>	<u>1,368</u>	<u>92,257</u>
Net change in fund balances	31,543	44,029	(4,684)	451	71,339
Fund balances - beginning	89,624	26,448	11,509	44,184	171,765
Fund balances - ending	<u>\$ 121,167</u>	<u>\$ 70,477</u>	<u>\$ 6,825</u>	<u>\$ 44,635</u>	<u>\$ 243,104</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, 2019**  
**(amounts expressed in thousands)**

Net change in fund balances - total governmental funds \$ 71,339

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

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

Capital asset additions	\$ 40,143	
Depreciation expense	<u>(46,307)</u>	(6,164)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. (3,947)

The net effect of transferring assets and liabilities as part of the debt restructuring. 761

Revenues related to prior years that are available in the current fiscal year are reported as revenue in the governmental funds. In contrast, revenues that are earned but unavailable in the current year are deferred in the governmental funds. For government-wide reporting, revenue is recognized when earned, regardless of availability. The amount reflects the timing differences for revenue recognition. 5,149

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	\$ 37,867	
Net pension liability	(10,685)	
Net OPEB liability	(1,011)	
Compensated absences	(2,085)	
Interest	1,087	
Premium/discount amortization	304	
Premiums on the issuance of long-term debt	(6,540)	
Issuance of long-term debt	<u>(49,485)</u>	(30,548)

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. 7,277

Change in net position of governmental activities \$ 43,867

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, 2019**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 225,439	\$ 232,218	\$ 240,416	\$ 8,198
Licenses and permits	10,188	10,188	10,357	169
Intergovernmental	1,856	3,654	3,466	(188)
Charges for services	17,395	16,551	16,291	(260)
Fines and forfeitures	1,809	1,209	2,078	869
Special assessments	505	505	535	30
Rental and investment income	1,700	1,700	3,389	1,689
Miscellaneous	4,032	3,799	3,287	(512)
Total revenues	<u>262,924</u>	<u>269,824</u>	<u>279,819</u>	<u>9,995</u>
<b>Expenditures</b>				
Current:				
General government	20,327	29,859	10,004	19,855
Public safety	184,654	191,214	186,863	4,351
Highways and streets	20,242	22,122	20,289	1,833
Culture and recreation	30,397	33,218	29,806	3,412
Capital outlay	231	3,414	1,815	1,599
Total expenditures	<u>255,851</u>	<u>279,827</u>	<u>248,777</u>	<u>31,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,073</u>	<u>(10,003)</u>	<u>31,042</u>	<u>41,045</u>
<b>Other financing sources (uses)</b>				
Transfers in	61,428	64,378	51,763	(12,615)
Transfers out	(62,087)	(66,215)	(51,262)	14,953
Proceeds from the sale of capital assets	68	68	-	(68)
Total other financing sources (uses)	<u>(591)</u>	<u>(1,769)</u>	<u>501</u>	<u>2,270</u>
Net change in fund balances	6,482	(11,772)	31,543	43,315
Fund balances - beginning	89,624	89,624	89,624	-
Fund balances - ending	<u>\$ 96,106</u>	<u>\$ 77,852</u>	<u>\$ 121,167</u>	<u>\$ 43,315</u>

City of Riverside  
Statement of Net Position  
Proprietary Funds  
June 30, 2019  
(amounts expressed in thousands)

Assets	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	
Current assets:						
Cash and investments	\$ 293,449	\$ 41,038	\$ 84,895	\$ 11,322	\$ 430,704	\$ 34,153
Receivables (net allowances for uncollectibles)						
Interest	976	138	311	50	1,475	112
Utility billed	14,168	3,290	3,499	1,230	22,187	-
Utility unbilled	13,220	3,006	2,397	1,003	19,626	-
Accounts	3,746	1,833	485	980	7,044	34
Property tax receivable	-	-	-	18	18	-
Intergovernmental	88	521	1,156	408	2,173	55
Inventory	971	-	1,929	76	2,976	6,811
Prepaid items	4,526	227	15	44	4,812	-
Deposits	1,313	-	-	300	1,613	-
Other	-	300	-	-	300	-
Due from other funds	325	139	-	-	464	-
Restricted assets:						
Cash and cash equivalents:						
Rate stabilization cash and cash equivalents	-	-	1,000	-	1,000	-
Other restricted cash and cash equivalents	47,838	9,675	-	2,500	60,013	-
Public benefit programs receivable	841	102	-	-	943	-
Total current assets	<u>381,461</u>	<u>60,269</u>	<u>95,687</u>	<u>17,931</u>	<u>555,348</u>	<u>41,165</u>
Non-current assets:						
Restricted assets:						
Cash and investments at fiscal agent	125,372	40,474	25,853	-	191,699	-
Regulatory assets	1,939	1,055	1,377	11,280	15,651	-
Prepaid items - non-current	13,012	-	-	-	13,012	-
Advances to other funds	-	-	3,006	-	3,006	1,373
Advances to Successor Agency Trust Fund	3,803	-	-	-	3,803	-
Other	-	3,825	-	-	3,825	-
Capital assets:						
Land	53,028	20,841	3,419	21,313	98,601	458
Intangible assets, non-depreciable	10,651	10,841	-	-	21,492	-
Intangible assets, depreciable	21,758	4,162	119	-	26,039	219
Accumulated depreciation - intangible assets, depreciable	(8,482)	(2,198)	(65)	-	(10,745)	(176)
Buildings	64,475	20,515	504,842	73,403	663,235	4,092
Accumulated depreciation - buildings	(11,500)	(7,032)	(134,286)	(16,835)	(169,653)	(839)
Improvements other than buildings	974,503	649,336	152,887	86,637	1,863,363	1,315
Accumulated depreciation - improvements other than buildings	(391,642)	(223,614)	(25,277)	(23,089)	(663,622)	(571)
Machinery and equipment	43,395	15,602	17,219	22,802	99,018	11,230
Accumulated depreciation - machinery and equipment	(26,781)	(12,494)	(9,608)	(17,775)	(66,658)	(9,227)
Construction in progress	65,307	19,392	29,485	720	114,904	414
Total non-current assets	<u>938,838</u>	<u>540,705</u>	<u>568,971</u>	<u>158,456</u>	<u>2,206,970</u>	<u>8,288</u>
Total assets	<u>1,320,299</u>	<u>600,974</u>	<u>664,658</u>	<u>176,387</u>	<u>2,762,318</u>	<u>49,453</u>
Deferred Outflows of Resources						
Changes in derivative values	14,740	2,753	-	5,763	23,256	-
Deferred charges on refunding	9,623	5,918	-	859	16,400	-
Pension related items	22,300	8,115	4,738	2,837	37,990	1,789
Total deferred outflows of resources	<u>46,663</u>	<u>16,786</u>	<u>4,738</u>	<u>9,459</u>	<u>77,646</u>	<u>1,789</u>

Continued

City of Riverside  
Statement of Net Position  
Proprietary Funds  
June 30, 2019  
(amounts expressed in thousands)

Liabilities	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	
<b>Current liabilities:</b>						
Accounts payable	19,311	2,404	2,158	2,340	26,213	1,434
Accrued payroll	205	74	44	34	357	19
Retainage payable	344	376	471	5	1,196	10
Unearned revenue	62	39	4	1,856	1,961	-
Deposits	7,255	789	3	575	8,622	-
Due to other funds	-	-	-	-	-	464
Accrued interest	5,854	2,733	8,295	68	16,950	-
Total current liabilities	33,031	6,415	10,975	4,878	55,299	1,927
<b>Noncurrent liabilities:</b>						
Due within one year						
Long-term obligations	12,483	7,785	8,635	5,434	34,337	124
Compensated absences	4,563	1,728	1,114	524	7,929	389
Claims liability	-	-	-	-	-	9,543
Landfill capping	-	-	-	559	559	-
Decommissioning liability	5,335	-	-	-	5,335	-
Due in more than one year						
Long-term obligations	616,130	250,026	386,115	87,271	1,339,542	481
Compensated absences	750	299	43	21	1,113	45
Claims liability	-	-	-	-	-	38,916
Landfill capping	-	-	-	10,577	10,577	-
Decommissioning liability	52,864	-	-	-	52,864	-
Regulatory liability	2,904	3,427	-	5	6,336	-
Net OPEB liability	8,572	3,524	2,489	2,163	16,748	982
Net pension liability	84,468	30,737	17,943	10,739	143,887	6,775
Derivative instruments	19,037	5,257	-	6,870	31,164	-
Total non-current liabilities	807,106	302,783	416,339	124,163	1,650,391	57,255
Total liabilities	840,137	309,198	427,314	129,041	1,705,690	59,182
<b>Deferred Inflows of Resources</b>						
Regulatory charges	-	-	16,361	-	16,361	-
Deferred charges on refunding	-	-	712	-	712	-
OPEB related items	307	117	79	75	578	36
Pension related items	15,786	5,744	3,354	2,008	26,892	1,267
Total deferred inflows of resources	16,093	5,861	20,506	2,083	44,543	1,303
<b>Net Position</b>						
Net investment in capital assets	255,893	292,394	171,743	147,176	867,206	6,915
Restricted for debt service	13,396	6,710	5,800	-	25,906	-
Restricted for landfill capping	-	-	-	2,500	2,500	-
Restricted for programs and regulatory requirements	34,480	2,239	1,932	-	38,651	-
Unrestricted	206,963	1,358	42,101	(94,954)	155,468	(16,158)
Total net position (deficit)	\$ 510,732	\$ 302,701	\$ 221,576	\$ 54,722	\$ 1,089,731	\$ (9,243)

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, 2019**  
**(amounts expressed in thousands)**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities-Internal Service Funds</b>
	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
Operating revenues:						
Charges for services	\$ 363,570	\$ 65,177	\$ 64,282	\$ 46,647	\$ 539,676	\$ 29,811
Operating expenses:						
Personnel services	46,491	14,246	10,768	8,401	79,906	5,223
Contractual services	8,420	2,888	1,239	13,871	26,418	1,127
Maintenance and operation	217,699	9,871	8,953	8,015	244,538	2,982
General	13,062	16,714	8,939	17,975	56,690	4,373
Materials and supplies	1,041	675	3,671	1,634	7,021	182
Claims/Insurance	1,567	656	514	612	3,349	10,875
Depreciation and amortization	34,471	15,450	13,712	6,056	69,689	1,127
Total operating expenses	<u>322,751</u>	<u>60,500</u>	<u>47,796</u>	<u>56,564</u>	<u>487,611</u>	<u>25,889</u>
Operating income (loss)	<u>40,819</u>	<u>4,677</u>	<u>16,486</u>	<u>(9,917)</u>	<u>52,065</u>	<u>3,922</u>
Non-operating revenues (expenses):						
Operating grants	-	-	-	3,093	3,093	-
Interest income	13,372	2,044	3,681	391	19,488	860
Other	3,989	2,888	29	442	7,348	(2)
Gain (loss) on retirement of capital assets	287	155	(3)	(289)	150	20
Capital improvement fees	-	-	2,824	-	2,824	-
Interest expense and fiscal charges	(25,053)	(10,412)	(22,341)	(3,408)	(61,214)	(23)
Total non-operating revenues (expenses)	<u>(7,405)</u>	<u>(5,325)</u>	<u>(15,810)</u>	<u>229</u>	<u>(28,311)</u>	<u>855</u>
Income (loss) before capital contributions and transfers	33,414	(648)	676	(9,688)	23,754	4,777
Cash capital contributions	3,496	2,489	80	375	6,440	-
Noncash capital contributions	2,887	630	650	-	4,167	-
Transfers in	-	-	-	18,537	18,537	2,500
Transfers out	(39,886)	(6,584)	(900)	(8,282)	(55,652)	-
Change in net position	(89)	(4,113)	506	942	(2,754)	7,277
Net position (deficit) - beginning	505,412	305,078	218,186	51,411	1,080,087	(16,670)
Prior period adjustment	5,409	1,736	2,884	2,369	12,398	150
Net position - beginning	<u>510,821</u>	<u>306,814</u>	<u>221,070</u>	<u>53,780</u>	<u>1,092,485</u>	<u>(16,520)</u>
Net position (deficit) - ending	<u>\$ 510,732</u>	<u>\$ 302,701</u>	<u>\$ 221,576</u>	<u>\$ 54,722</u>	<u>\$ 1,089,731</u>	<u>\$ (9,243)</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, 2019  
(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	\$ 365,134	\$ 65,239	\$ 64,262	\$ 41,736	\$ 536,371	\$ 30,190
Cash paid to employees for services	(59,030)	(22,170)	(10,969)	(8,482)	(100,651)	(3,069)
Cash paid to other suppliers of goods or services	(225,961)	(24,020)	(23,181)	(34,761)	(307,923)	(19,912)
Other receipts (payments)	-	1,132	-	-	1,132	-
Net cash (used) provided by operating activities	<u>80,143</u>	<u>20,181</u>	<u>30,112</u>	<u>(1,507)</u>	<u>128,929</u>	<u>7,209</u>
Cash flows from noncapital financing activities:						
Transfers in	-	-	-	17,086	17,086	2,500
Transfers out	(39,886)	(6,584)	(900)	(8,298)	(55,668)	-
Operating grants	-	-	-	3,093	3,093	-
Receipts (payments) on interfund advances	404	(8)	986	(225)	1,157	717
Payments on pension obligation bonds	(2,018)	(728)	(461)	(343)	(3,550)	(138)
Other receipts (payments) from non-operating revenue	<u>3,989</u>	<u>-</u>	<u>29</u>	<u>1,125</u>	<u>5,143</u>	<u>(2)</u>
Net cash (used) provided by noncapital financing activities	<u>(37,511)</u>	<u>(7,320)</u>	<u>(346)</u>	<u>12,438</u>	<u>(32,739)</u>	<u>3,077</u>
Cash flows from capital and related financing activities:						
Purchase of capital assets	(43,160)	(21,670)	(16,246)	(2,054)	(83,130)	(737)
Proceeds from the sale of capital assets	369	183	-	24	576	20
Principal paid on long-term obligations	(15,269)	(5,841)	(28,514)	(4,050)	(53,674)	-
Interest paid on long-term obligations	(27,149)	(9,710)	(21,342)	(4,189)	(62,390)	(23)
Capital improvement fees	-	-	2,824	-	2,824	-
Proceeds from revenue bonds, including premium/discount	103,303	53,566	-	-	156,869	-
Contributions	3,497	2,489	730	375	7,091	-
Bond issuance and refunding costs	<u>(3,069)</u>	<u>(1,286)</u>	<u>-</u>	<u>-</u>	<u>(4,355)</u>	<u>-</u>
Net cash (used) for capital and related financing activities	<u>18,522</u>	<u>17,731</u>	<u>(62,548)</u>	<u>(9,894)</u>	<u>(36,189)</u>	<u>(740)</u>
Cash flows from investing activities:						
Sale and (purchase) of investments	2,707	268	(15)	(659)	2,301	(37)
Interest from investments	<u>13,412</u>	<u>2,097</u>	<u>3,681</u>	<u>391</u>	<u>19,581</u>	<u>860</u>
Net cash (used) provided by investing activities	<u>16,119</u>	<u>2,365</u>	<u>3,666</u>	<u>(268)</u>	<u>21,882</u>	<u>823</u>
Net change in cash and cash equivalents	<u>77,273</u>	<u>32,957</u>	<u>(29,116)</u>	<u>769</u>	<u>81,883</u>	<u>10,369</u>
Cash and cash equivalents, beginning (including \$48,359 for Electric, \$10,766 for Water, \$51,488 for Sewer and \$1,118 for Other Enterprise Funds in restricted accounts.)						
	<u>323,046</u>	<u>58,230</u>	<u>140,864</u>	<u>13,053</u>	<u>535,193</u>	<u>23,784</u>
Cash and cash equivalents, ending (including \$106,870 for Electric, \$49,881 for Water, \$26,853 for Sewer and \$2,500 for Other Enterprise Funds in restricted accounts.)						
	<u>\$ 400,319</u>	<u>\$ 91,187</u>	<u>\$ 111,748</u>	<u>\$ 13,822</u>	<u>\$ 617,076</u>	<u>\$ 34,153</u>

Continued

City of Riverside  
Proprietary Funds  
Statement of Cash Flows  
For the fiscal year ended June 30, 2019  
(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)	\$ 40,819	\$ 4,677	\$ 16,486	\$ (9,917)	\$ 52,065	\$ 3,922
Other receipts	-	1,132	-	-	1,132	-
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities:						
Depreciation and amortization	34,471	15,450	13,712	6,056	69,689	1,127
Changes in assets, liabilities and deferred inflows/outflows of resources:						
Utility billed receivable	(265)	220	116	(130)	(59)	-
Utility unbilled receivable	1,638	174	10	(219)	1,603	-
Accounts receivable	265	(557)	(332)	1,939	1,315	16
Property tax receivable	-	-	-	(18)	(18)	-
Intergovernmental receivable	(61)	354	38	(54)	277	363
Inventory	126	-	(236)	(24)	(134)	(527)
Prepaid and deposit items	(7,485)	11	(4)	275	(7,203)	-
Benefit programs receivable	40	7	-	-	47	-
Regulatory asset	(208)	(1,055)	148	(6,406)	(7,521)	-
Accounts payable	7,693	(984)	323	156	7,188	157
Accrued payroll	4	(2)	(1)	1	2	(1)
Retainage payable	121	(57)	48	(10)	102	(3)
Other payables	246	(2,230)	7	605	(1,372)	2
Deposits payable	858	(24)	3	(4)	833	-
Claims liability	-	-	-	-	-	2,227
Landfill capping	-	-	-	6,366	6,366	-
Regulatory liability	2,904	3,427	-	(23)	6,308	-
Net OPEB liability and related changes in deferred outflows and inflows of resources	300	119	75	70	564	32
Net pension liability and related changes in deferred outflows and inflows of resources	(1,323)	(481)	(281)	(170)	(2,255)	(106)
Net cash (used) provided by operating activities	<u>\$ 80,143</u>	<u>\$ 20,181</u>	<u>\$ 30,112</u>	<u>\$ (1,507)</u>	<u>\$ 128,929</u>	<u>\$ 7,209</u>
Schedule of noncash financing and investing activities:						
Gain/(loss) on retirement of capital assets	\$ -	\$ -	\$ (3)	\$ (289)	\$ (292)	\$ 20
Capital contributions	2,887	630	650	-	4,167	-
Principal balance of revenue bonds refunded	195,090	68,800	-	-	263,890	-
Payment on note payable including interest offset by rent credit	-	1,756	-	-	1,756	-
Decrease in fair value of investments	935	-	-	-	935	-
Capital assets - transfer (from)/to governmental activities	-	-	-	40,646	40,646	-
Long-term obligations - transfer (from)/to governmental activities	-	-	-	(39,178)	(39,178)	-

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, 2019**  
**(amounts expressed in thousands)**

	<b>Successor Agency Private-Purpose Trust Fund</b>	<b>Agency Fund</b>
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Cash and investments	\$ 25,911	\$ 3,500
Cash and investments at fiscal agent	6,718	4,588
Receivables:		
Interest	109	11
Accounts	25	-
Notes	2,565	-
Direct financing lease receivable	13,490	-
Deposits	2	-
Property tax receivables	-	87
Land and improvements held for resale	8,992	-
Capital assets:		
Land	185	-
Total assets	<u>57,997</u>	<u>\$ 8,186</u>
<b>Liabilities</b>		
Accounts payable	714	-
Retainage payable	159	-
Accrued interest	2,760	-
Advances from other funds	3,803	-
Noncurrent liabilities		
Due within one year		
Long-term obligations	6,323	-
Due in more than one year		
Long-term obligations	196,678	-
Held for bond holders	-	8,186
Total liabilities	<u>210,437</u>	<u>\$ 8,186</u>
<b>Deferred Inflows of Resources</b>		
Deferred charge on refunding	1,035	
Total deferred inflows of resources	<u>1,035</u>	
<b>Net Position/(Deficit)</b>		
Held by Successor Agency	(153,475)	
Total net position/(deficit)	<u>\$ (153,475)</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, 2019**  
**(amounts expressed in thousands)**

	<b>Successor Agency Private-Purpose Trust Fund</b>
	<u>                    </u>
<b>Additions</b>	
Property tax revenue	\$ 10,738
Rental and investment income	1,557
Total additions	<u>12,295</u>
<b>Deductions</b>	
Professional services and other deductions	2,697
Redevelopment projects	5,789
Interest expense	5,211
Long-term obligation transfer from the City	2,415
Total deductions	<u>16,112</u>
Change in Net Position/(Deficit)	(3,817)
Net position/(deficit) - beginning	<u>(149,658)</u>
Net position/(deficit) - ending	<u><u>\$ (153,475)</u></u>

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

## 1. Summary of Significant Accounting Policies

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

### A. Reporting Entity

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

#### Blended Component Units

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

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

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

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

#### Fiduciary Component Unit

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

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

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

The General Debt Service fund accounts for the accumulation of resources and payment of long-term debt obligations of the City and related entities.

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

The Permanent fund is a governmental fund that is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's Library programs. Non-expendable net position on the Statement of Net Position includes \$1.5 million of permanent fund principal which are considered nonexpendable.

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

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

#### D. Cash and Investments

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

Cash accounts of all funds are pooled for investment purposes to enhance safety and liquidity while maximizing interest earnings. Investments are stated at fair value except for investments in investment contracts which are recorded at contract value. All highly liquid investments (including restricted assets) with

a maturity of 90 days or less when purchased are considered cash equivalents. Cash and investments held on behalf of proprietary funds by the City Treasurer are considered highly liquid and are classified as cash equivalents for the purpose of presentation in the statement of cash flows.

#### E. Restricted Cash and Investments

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

#### F. Allowance for Doubtful Accounts

Management determines the allowance for doubtful accounts by analyzing customer accounts for all balances over 60 days old. The allowance for doubtful accounts is then adjusted at fiscal year-end based on the amount equal to the annual uncollectible accounts. Utility customer closed accounts are written off when deemed uncollectible. Recoveries to utility customer receivables previously written off are recorded when received. For non-utility accounts receivables, delinquent notices after 60 days are sent to customers with outstanding balances. After 120 days, accounts still outstanding are referred to the City's collection agency. As of June 30, 2019, the City had an allowance for doubtful account balance of \$2,958.

#### 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, 2019, business-type activities capitalized net interest costs of \$2,775 in the government-wide financial statements. Total interest expense incurred by the business-type activities before capitalization was \$63,989.

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, any excess vacation must be used in accordance to policy, 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 6 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 \$55,519 in cash investments with the trustee and \$9,935 in an internally designated decommissioning reserve as the Electric Utility’s estimated share of the decommissioning cost of SONGS as of June 30, 2019. With the recent retirement of SONGS units 2 and 3, there is much uncertainty as to future unknown costs to decommission SONGS. Although management believes the current cost estimate is the upper bound of decommissioning obligations, the Electric Utility has conservatively decided to continue to set aside \$1,581 per year in an unrestricted designated cash reserve for unexpected costs not contemplated in the current estimates.

On February 23, 2016, the City Council adopted a resolution authorizing the commencement of SONGS decommissioning effective June 7, 2013. This resolution allows the Electric Utility to access the decommissioning trust funds to pay for its share of decommissioning costs. As of June 30, 2019, the Electric Utility has paid to date \$27,117 in decommissioning obligations, all of which have been reimbursed by the trust funds.

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

#### N. Claims and Judgments Payable

Claims and judgments payable are recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Such claims, including an estimate for claims incurred but not reported at year end, are recorded as liabilities in the self-insurance internal service fund. As of June 30, 2019, 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 10.

#### O. Fund Equity

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

- Nonspendable fund balance is the portion of fund balance that cannot be spent due to form. Examples include inventories, prepaid amounts, long-term loans, and notes receivable, unless the proceeds are restricted, committed or assigned. Also, amounts that must be maintained intact legally or contractually, such as the principal of a permanent fund are reported within the nonspendable category.
- Restricted fund balance is the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors.
- Committed fund balance is the portion of fund balance that can only be used for specific purposes due to formal action of the City Council through adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The City Council approved the General Fund

Reserve Policy setting a 10% minimum in the Emergency Reserve and 5% in the Contingency Reserve with an aspirational goal of 15% in the Emergency Reserve. The Emergency Reserve was established for the purpose of addressing any extremely unusual and infrequent occurrences, such as a major natural disaster or a major unforeseen settlement. Utilization of the Emergency Reserve requires declaration of an emergency by a two-thirds majority of the City Council, and specification of the maximum dollar amount to be used. The Contingency Reserve was established for the purpose of providing a "bridge" to facilitate a measured and thoughtful reduction in expenditures during times of economic downturn, rather than making immediate and drastic budget reductions without the time for proper evaluation. Utilization of the Contingency Reserve, including specification of the maximum dollar amount to be used, requires approval by a two-thirds majority of the City Council. The reserves committed at June 30, 2019 were calculated utilizing fiscal year 2018-2019 adopted General Fund expenditure budget of \$280,000.

On April 2, 2019, the City Council approved the General Fund - Measure Z Contingency Reserve Policy setting a required \$5,000 in the Contingency Reserve. The Contingency Reserve was established to cover necessary expenses in order to provide time for a measured and thoughtful reduction in expenditures during times of economic downturn, rather than making immediate and drastic budget reductions without the time for proper evaluation. Utilization of the Contingency Reserve, including specification of the maximum dollar amount to be used, requires the affirmative votes of at least five members of the City Council.

- Assigned fund balance reflects the City's intended use of resources. Intent can be expressed by the City Council or by an official to which the City Council delegates the authority. On February 22, 2011, the City Council approved a policy whereby the authority to assign fund balance was delegated to the City's chief financial officer, which authorized the assignment of fund balance for specific programs or purposes in accordance with City Council directives. The City also uses budget and finance policy to authorize the assignment of fund balance, which is done through the adoption of the budget and subsequent budget amendments throughout the year.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

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

#### P. Net Position

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

#### Q. Interfund Transactions

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

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

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

#### R. Unearned Revenue

Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to meeting



all eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

#### S. Unavailable Revenue

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

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

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

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

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

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

#### V. Property Tax Calendar

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

Property taxes are calculated on assessed values as of January 1 for the ensuing fiscal year. On January 1 of the fiscal year the levy is placed and a

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

#### W. Use of Estimates

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

#### X. Pensions

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

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

OPEB refers to the benefits, other than pensions, that the City provides as part of an employee's retirement benefits. The net OPEB liability is defined as the liability of employers contributing to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust.

**Z. New Accounting Pronouncements**

Effective July 1, 2018, the accompanying financial statements reflect the implementation of Governmental Accounting Standards Board Statement No. 88 (GASB 88), Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The primary objective of GASB 88 is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt, such as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Other essential information required are any unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

**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	\$ 662,754
Investments at fiscal agent	245,678
	<u>908,432</u>
Cash on hand and deposits with financial institutions	91,690
	<u>\$ 1,000,122</u>

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

Cash and investments	\$ 661,149
Restricted cash and cash equivalents	61,013
Restricted cash and investments at fiscal agent	237,243
Total per statement of net position	<u>959,405</u>
Fiduciary fund cash and investments	29,411
Fiduciary fund cash and investments with fiscal agent	11,306
	<u>\$ 1,000,122</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. At June 30, 2019, \$15,754 reported as cash and investments in the Electric fund, is held at and administered by Southern California Public Power Authority (SCPPA) as part of a project stabilization fund used to pay for power, transmission, capital and operating cost relating to projects in which the City is a participant, or other expenditures owed to SCPPA. Cash and investments administered by SCPPA shall be invested in investment securities and managed in accordance with all applicable laws (including, but not limited, to California Code §53600.3, 53600.5 and 53601). The maturity of an investment security (or, if applicable, the remaining maturity of an investment security) shall not exceed five years.

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

Authorized Investments

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

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

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

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

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

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

Investments Authorized by Debt Agreements

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

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

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

**City of Riverside**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2019**

(amounts expressed in thousands)

Disclosures Relating to Fair Value Measurement and Application

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

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

The City has the following recurring fair value measurements as of June 30, 2019:

	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	\$ 5,166	\$ -	\$ 5,166	\$ -
Joint Powers Authority Pools	123,591	-	123,591	-
Mortgage/Asset backed Securities	17,132	-	17,132	-
U.S. Treasury Notes/Bonds	290,772	-	290,772	-
Federal Agency Securities	13,266	-	13,266	-
Federal Agency Discount Notes	13,034	-	13,034	-
Corp. Medium Term Notes	63,714	-	63,714	-
Supranational Securities	1,693	-	1,693	-
Negotiable Certificates of Deposits	4,964	-	4,964	-
Held by Fiscal Agent				
Money Market Funds	158,640	-	158,640	-
Commercial Paper	664	-	664	-
U.S. Treasury Notes/Bonds	39,179	-	39,179	-
Federal Agency Securities	368	-	368	-
Corp. Medium Term Notes	6,440	-	6,440	-
<b>Total</b>	<b>738,623</b>	<b>\$ -</b>	<b>\$ 738,623</b>	<b>\$ -</b>

Investments not subject to fair value hierarchy:

State Investment Pool	159,049
Investment Contracts	10,760
<b>Total Investments</b>	<b>\$ 908,432</b>

Disclosures Relating to Interest Rate Risk

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

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

	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Money Market Funds	\$ 5,166	\$ 5,166	\$ -	\$ -	\$ -
Joint Powers Authority	123,591	123,591	-	-	-
Federal Agency Securities	13,266	996	8,069	4,201	-
Federal Agency Discount Notes	13,034	13,034	-	-	-
Mortgage/Asset backed Securities	17,132	6,986	-	10,146	-
U.S. Treasury Notes/Bonds	290,772	94,751	88,874	107,147	-
Corp. Medium Term Notes	63,714	19,160	5,303	39,251	-
Supranational Securities	1,693	1,693	-	-	-
State Investment Pool	129,422	129,422	-	-	-
Negotiable Certificates of Deposit	4,964	990	1,983	1,991	-
Held by Fiscal Agent					
Money Market Funds	158,640	158,640	-	-	-
State Investment Pool	29,627	29,627	-	-	-
Investment Contracts	10,760	-	10,760	-	-
Commercial Paper	664	664	-	-	-
U.S. Treasury Notes/Bonds	39,179	11,980	27,199	-	-
Federal Agency Securities	368	-	368	-	-
Corp. Medium Term Notes	6,440	3,409	3,031	-	-
<b>Total</b>	<b>\$ 908,432</b>	<b>\$ 600,109</b>	<b>\$ 145,587</b>	<b>\$ 162,736</b>	<b>\$ -</b>

The City assumes that callable investments will not be called.

Disclosures Relating to Credit Risk

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

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

	Total	Ratings as of Year End			Unrated
		AAA	AA	A	
Money Market Funds	\$ 5,166	\$ -	\$ -	\$ 5,135	\$ 31
Joint Powers Authority Pools	123,591	-	123,591	-	-
Mortgage/Asset backed Securities	17,132	17,132	-	-	-
Federal Agency Securities	13,266	12,270	996	-	-
Federal Agency Discount Notes	13,034	-	-	-	13,034
U.S. Treasury Notes/Bonds	290,772	290,772	-	-	-
Corp. Medium Term Notes	63,714	-	53,919	9,795	-
State Investment Pool	129,422	-	-	-	129,422
Supranational Securities	1,693	1,693	-	-	-
Negotiable Certificates of Deposits	4,964	-	-	-	4,964
Held by Fiscal Agent					
Money Market Funds	158,640	15,788	-	142,852	-
State Investment Pool	29,627	-	-	-	29,627
Investment Contracts	10,760	-	-	10,760	-
Commercial Paper	664	-	-	664	-
U.S. Treasury Notes/Bonds	39,179	39,179	-	-	-
Federal Agency Securities	368	368	-	-	-
Corp. Medium Term Notes	6,440	-	3,031	3,409	-
<b>Total</b>	<b>\$ 908,432</b>	<b>\$ 377,202</b>	<b>\$ 181,537</b>	<b>\$ 172,615</b>	<b>\$ 177,078</b>

**Concentration on Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stated above. For fiscal year ended June 30, 2019, the City did not have any investments in any one issuer (other than U.S. Treasury securities, money market funds, and external investment pools) that represent 5% or more of total City investments.

**Custodial Credit Risk**

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

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

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

**Investment in State Investment Pool**

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

**4. Direct Financing Lease Receivable**

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

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<u>Fiscal Year</u>	
2020	\$ 2,659
2021	2,692
2022	2,724
2023	2,759
2024	2,786
Thereafter	<u>2,823</u>
Total Due	16,443
Less: Amount applicable to interest	<u>(2,953)</u>
Total direct financing lease receivable	<u>\$ 13,490</u>

**5. Capital Assets**

The following is a summary of changes in the capital assets during the fiscal year ended June 30, 2019.

	<u>Beginning Balance</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not depreciated:					
Land	\$ 343,022	\$ 356	\$ (4,248)	\$ (2,133)	\$ 336,997
Construction in progress	68,894	10,795	(19)	(30,382)	49,288
Total capital assets not depreciated	<u>411,916</u>	<u>11,151</u>	<u>(4,267)</u>	<u>(32,515)</u>	<u>386,285</u>
Capital assets being depreciated:					
Buildings	184,094	-	-	(37,500)	146,594
Improvements other than buildings	272,570	1,157	-	(12,018)	261,709
Machinery and equipment	92,641	7,678	(2,748)	10,256	107,827
Intangibles, depreciable	219	-	-	-	219
Infrastructure	1,019,842	21,397	(511)	20,009	1,060,737
Total capital assets being depreciated	<u>1,569,366</u>	<u>30,232</u>	<u>(3,259)</u>	<u>(19,253)</u>	<u>1,577,086</u>
Less accumulated depreciation for:					
Buildings	(73,292)	(4,006)	-	6,750	(70,548)
Improvements other than buildings	(126,227)	(11,564)	-	4,370	(133,421)
Machinery and equipment	(69,471)	(6,266)	2,565	-	(73,172)
Intangibles, depreciable	(132)	(44)	-	-	(176)
Infrastructure	(406,361)	(25,554)	511	-	(431,404)
Total accumulated depreciation	<u>(675,483)</u>	<u>(47,434)</u>	<u>3,076</u>	<u>11,120</u>	<u>(708,721)</u>
Total capital assets being depreciated, net	<u>893,883</u>	<u>(17,202)</u>	<u>(183)</u>	<u>(8,133)</u>	<u>868,365</u>
Governmental activities capital assets, net	<u>\$ 1,305,799</u>	<u>\$ (6,051)</u>	<u>\$ (4,450)</u>	<u>\$ (40,648)</u>	<u>\$ 1,254,650</u>

	<u>Beginning Balance</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not depreciated:					
Land	\$ 94,900	\$ 1,549	\$ -	\$ 2,152	\$ 98,601
Intangibles, non-depreciable	21,492	-	-	-	21,492
Construction in progress	102,579	80,420	(171)	(67,924)	114,904
Total capital assets not depreciated	<u>218,971</u>	<u>81,969</u>	<u>(171)</u>	<u>(65,772)</u>	<u>234,997</u>
Capital assets being depreciated:					
Buildings	615,201	13	(124)	48,145	663,235
Improvements other than buildings	1,795,095	4,524	(4,087)	67,830	1,863,362
Machinery and equipment	98,089	3,771	(4,004)	1,163	99,019
Intangibles, depreciable	25,613	24	-	402	26,039
Total capital assets being depreciated	<u>2,533,998</u>	<u>8,332</u>	<u>(8,215)</u>	<u>117,540</u>	<u>2,651,655</u>
Less accumulated depreciation for:					
Buildings	(148,942)	(14,064)	102	(6,750)	(169,654)
Improvements other than buildings	(617,430)	(45,800)	3,978	(4,370)	(663,622)
Machinery and equipment	(64,201)	(6,137)	3,681	-	(66,657)
Intangibles, depreciable	(7,621)	(3,124)	-	-	(10,745)
Total accumulated depreciation	<u>(838,194)</u>	<u>(69,125)</u>	<u>7,761</u>	<u>(11,120)</u>	<u>(910,678)</u>
Total capital assets being depreciated, net	<u>1,695,804</u>	<u>(60,793)</u>	<u>(454)</u>	<u>106,420</u>	<u>1,740,977</u>
Business-type activities capital assets, net	<u>\$ 1,914,775</u>	<u>\$ 21,176</u>	<u>\$ (625)</u>	<u>\$ 40,648</u>	<u>\$ 1,975,974</u>

Depreciation expense was charged to various functions as follows:

Governmental activities:	
General government	\$ 3,065
Public safety	6,283
Highway and streets, including general infrastructure	26,105
Culture and recreation	10,854
Internal service funds	1,127
Total depreciation expense - governmental activities	<u>\$ 47,434</u>
Business-type activities:	
Electric	\$ 34,471
Water	15,450
Sewer	13,712
Entertainment	2,512
Airport	710
Refuse	877
Transportation	593
Public Parking	800
Total depreciation expense - business-type activities	<u>\$ 69,125</u>

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

**6. 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, 2019:

	Notional Amount	Fair Value as of 06/30/19	Change in Fair Value for Fiscal Year
<b>Governmental activities</b>			
2008 Renaissance Certificates of Participation*	\$ 68,508	\$ (12,998)	\$ (3,247)
<b>Business-type activities</b>			
2008 Renaissance Certificates of Participation*	29,692	(5,634)	(1,407)
2008 Electric Refunding/Revenue Bonds Series A	32,450	(4,702)	75
2008 Electric Refunding/Revenue Bonds Series C	32,150	(6,970)	(1,735)
2011 Electric Refunding/Revenue Bonds Series A	41,025	(7,365)	(2,149)
2011 Water Refunding/Revenue Bonds Series A	24,050	(5,257)	336
2012 Convention Center Financing	33,329	(1,236)	(1,535)

\* The 2008 Riverside Renaissance Certificates of Participation were distributed between Governmental Activities and Business-Type Activities to properly reflect their proportional share.

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

**Terms:** Per the existing swap agreements, the City pays a counterparty a fixed payment and receives a variable payment computed as 62.68% of the London

Interbank Offering Rate (“LIBOR”) one month index plus 12 basis points for the Electric and Water swaps. For the COP swap, the City pays a fixed payment and receives a variable payment computed as 63.00% of the LIBOR one month index plus 7 basis points. The Convention Center financing consists of an initial 21-month variable rate interest only period during construction, which swaps to a fixed rate for the remaining 20-year amortization whereby the City will pay a fixed payment and will receive a variable payment computed at 65.01% of the LIBOR one month index plus 150 basis points. The notional value of the swaps and the principal amounts of the associated debt decline at a smaller rate 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, 2019, 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
	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>
Interest rate swap:			
Fixed payment to counterparty	3.11100%	3.20400%	3.20100%
Variable payment from counterparty	-0.57485%	-0.57539%	-0.60247%
Net interest rate swap payments	2.53615%	2.62861%	2.59853%
Variable rate bond coupon payments	0.47429%	0.47541%	0.53013%
Synthetic interest rate on bonds	<u>3.01044%</u>	<u>3.10402%</u>	<u>3.12866%</u>
	2011 Water Refunding/Revenue Bonds Series A	2008 Renaissance COPs	2012 Convention Center Financing
	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>
Interest rate swap:			
Fixed payment to counterparty	3.20000%	3.36200%	3.24000%
Variable payment from counterparty	-0.56232%	-0.53696%	-2.11446%
Net interest rate swap payments	2.63768%	2.82504%	1.12554%
Variable rate bond coupon payments	0.47722%	0.49990%	2.11446%
Synthetic interest rate on bonds	<u>3.11490%</u>	<u>3.32494%</u>	<u>3.24000%</u>

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Fair Value: As of June 30, 2019, in connection with all swap arrangements, the transactions had a combined net negative fair value of (\$44,160). 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, 2019, there is no requirement for collateral posting for any of the outstanding swaps.

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

Termination risk: The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, a swap may be terminated by the City if either counterparty's credit quality falls below "BBB-" as issued by Standard and Poor's. The City or the counterparty may terminate a swap if the other party fails to perform under the terms of the contract. If a swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination a swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt: As of June 30, 2019, the debt service requirements of the variable-rate debt and net swap payments assuming current interest rates remain the same, for their term are summarized in the

following table. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year	Variable-Rate Bonds			Total
	Principal	Interest	Interest Rate Swaps, Net	
2020	\$ 7,685	\$ 2,021	\$ 7,412	\$ 17,118
2021	8,012	1,850	6,666	16,528
2022	8,248	1,774	6,461	16,483
2023	8,460	1,695	6,252	16,407
2024	7,495	1,621	6,068	15,184
2025-2029	70,451	6,618	25,845	102,914
2030-2034	105,979	3,194	13,941	123,114
2035-2039	49,050	304	1,674	51,028
Total	<u>\$ 265,380</u>	<u>\$ 19,077</u>	<u>\$ 74,319</u>	<u>\$ 358,776</u>

7. 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.	2021	0.400%
2008A Electric Revenue Bonds	Barclays Bank, PLC	2021	0.325%
2008C Electric Revenue Bonds	Barclays Bank, PLC	2021	0.325%

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

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



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On February 1, 2019, the City entered into a subordinate letter of credit agreement with U.S. Bank, National Association. The Subordinate Letter of Credit is a tool approved through the Electric and Water Utility Five-Year Rate Plan to manage rate increases by enabling the Electric Utility and Water Utility to reduce cash levels while maintaining compliance with the Riverside Public Utilities Cash Reserve Policy. Under the terms and conditions of the agreement, the City may borrow up to \$35,000 for purposes of the capital or operating financial needs of the Electric System and \$25,000 for purposes of the capital or operating financial needs of the Water System. There were no borrowings against the LOC as of June 30, 2019.

**8. Long-Term Obligations**

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

	Beginning Balance	Additions	Reclass	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>						
General obligation bonds	\$ 10,388	\$ -	\$ -	\$ (1,209)	\$ 9,179	\$ 1,290
Pension obligation bonds	60,883	-	-	(10,397)	50,486	10,675
Certificate of participation	150,800	-	(30,841)	(20,781)	99,178	4,311
Lease revenue bonds	36,246	56,025	(10,657)	(1,198)	80,416	3,901
<b>Direct borrowings:</b>						
Loan payable	1,746	-	-	(417)	1,329	430
Capital leases	25,647	-	89	(4,314)	21,422	3,215
	<u>\$ 285,710</u>	<u>\$ 56,025</u>	<u>\$ (41,409)</u>	<u>\$ (38,316)</u>	<u>\$ 262,010</u>	<u>\$ 23,822</u>
<b>Business-type activities:</b>						
Revenue bonds	\$ 1,097,939	\$ 643,522	\$ -	\$ (540,743)	\$ 1,200,718	\$ 21,620
Pension obligation bonds	18,324	-	-	(3,549)	14,775	3,019
Certificate of participation	-	-	30,841	(1,149)	29,692	1,209
Lease revenue bonds	-	-	8,242	(375)	7,867	394
<b>Direct borrowings:</b>						
Private placement revenue bonds	41,925	-	-	(900)	41,025	1,750
Notes payable	78,583	-	-	(4,910)	73,673	4,636
Contracts payable	937	-	-	-	937	150
Capital leases	6,821	-	(89)	(1,540)	5,192	1,559
	<u>\$ 1,244,529</u>	<u>\$ 643,522</u>	<u>\$ 38,994</u>	<u>\$ (553,166)</u>	<u>\$ 1,373,879</u>	<u>\$ 34,337</u>

Governmental activities:

General Obligation Bonds – Governmental Activities:

Principal Outstanding

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

\$ 9,085

Add: Unamortized bond premium

94

Total General Obligation Bonds

\$9,179

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
2020	\$ 1,290	\$ 436	\$ 1,726
2021	1,380	373	1,753
2022	1,475	306	1,781
2023	1,560	229	1,789
2024	1,640	141	1,781
2025-2029	1,740	48	1,788
Premium	94	-	94
<b>Total</b>	<u>\$ 9,179</u>	<u>\$ 1,533</u>	<u>\$ 10,712</u>

Pension Obligation Bonds – Governmental Activities:

Principal Outstanding

In 2018, the 2005 and 2017 Taxable Pension Obligation Bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency to properly reflect their proportional share. Pension Obligation bonds are not collateralized by assets, nor do they constitute an obligation of the City of Riverside whereby the City is obligated to levy or pledge any form of taxation.

\$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.

\$37,225

\$30,000 2005 Taxable Pension Obligation Bonds Series A; 3.85% to 4.78%, due in annual installments \$630 to

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\$3,860 through June 1, 2020; \$3,122 relates to Governmental Activities.	1,274
\$31,960 2017 Taxable Pension Obligation Bonds Series A; 1.25% to 3.125%, due in annual installments from \$2,910 to \$3,580 through June 1, 2027; \$13,704 relates to Governmental Activities.	<u>12,292</u>
Subtotal	<u>50,791</u>
Less: Unamortized bond discount	<u>(305)</u>
Total Pension Obligation Bonds	<u>\$50,486</u>

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

Fiscal Year	Principal	Interest	Total
2020	\$ 10,675	\$ 2,591	\$ 13,266
2021	10,280	2,030	12,310
2022	11,226	1,478	12,704
2023	12,247	867	13,114
2024	1,572	195	1,767
2025-2029	4,791	309	5,100
Discount	(305)	-	(305)
Total	<u>\$ 50,486</u>	<u>\$ 7,470</u>	<u>\$ 57,956</u>

Certificates of Participation – Governmental Activities:

Principal  
Outstanding

In 2019, the 2008 Riverside Renaissance Certificates of Participation were distributed between Governmental Activities and Business-Type Activities to properly reflect their proportional share.

\$19,945 2006 Galleria at Tyler Public Improvements Certificates of Participation are secured with collateral of the two level 912 space parking structure located near Tyler Street and Nordstrom store, the Tyler Mall North Plaza, the North Plaza parking, storm drains related to those improvements, and portions of two arterial streets; 4.0% to 5.0%, due in annual installments from \$435 to \$1,270 through September 1, 2036. In 2019, all but, \$5 was refunded.

\$5

\$128,300 2008 Riverside Renaissance Certificates of Participation are secured with collateral of the Adulka

Park, Fairmount Park and Golf Course, Arlington Heights Sports park, Orange Terrace Park, Orange Terrace Community Center and Orange Terrace Library; 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 6. Due in annual installments from \$2,900 to \$7,200 through March 1, 2037; \$71,159 relates to Governmental Activities.	68,508
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\$35,235 2013 Pavement Rehab Certificates of Participation are secured by Measure A Sales Tax receipts; 4.0% to 5.0%, due in annual installments from \$1,285 to \$2,855 through June 1, 2033.	<u>29,775</u>
Subtotal	<u>98,288</u>
Plus: Unamortized bond premium	<u>890</u>
Total Certificates of Participation	<u>\$99,178</u>

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

Fiscal Year	Principal	Interest	Total
2020	\$ 4,311	\$ 4,082	\$ 8,393
2021	4,525	3,587	8,112
2022	4,675	3,408	8,083
2023	4,830	3,223	8,053
2024	5,054	3,031	8,085
2025-2029	28,470	11,939	40,409
2030-2034	31,838	5,826	37,664
2035-2039	14,585	870	15,455
Premium	890	-	890
Total	<u>\$ 99,178</u>	<u>\$ 35,966</u>	<u>\$ 135,144</u>

Lease Revenue Bonds – Governmental Activities: Principal  
Outstanding

In 2019, the Series 2012A Lease Revenue Refunding Bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency to properly reflect their proportional share.

**City of Riverside**  
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On August 15, 2012, the City issued the Series 2012A Lease Revenue Refunding Bonds in the amount of \$41,240. The bonds are secured by lease payments on a portion of the City Hall Complex and the Lincoln Police Patrol Center. 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. \$23,683 relates to Governmental Activities. In the event of default, the Trustee may retain the Lease Agreement and hold the City liable for all Base Rental Payments on an annual basis. The rental payments may not be accelerated.

\$22,608

\$15,980 2019A Lease Revenue Refunding Bonds (Galleria at Tyler Public Improvements) are secured by lease payments on the two level 912 space parking structure located near Tyler Street and Nordstrom store, the Tyler Mall North Plaza, the North Plaza parking, storm drains related to those improvements, and portions of two arterial streets;. The bonds were issued to refinance all but \$5 of the outstanding 2006 Lease Revenue Certificates of Participation (Galleria at Tyler Public Improvements); 2.75% to 4.0%, due in annual installments from \$605 to \$1,180 through November 1, 2036. The refunding transaction resulted in a total net present value savings of \$1,140. In the event of default, the Trustee may retain the Lease Agreement and hold the City liable for all Base Rental Payments on an annual basis. The rental payments may not be accelerated.

15,980

\$33,505 2019B Lease Revenue Refunding Bonds (Main Library Project); 3.0% to 5.0%, due in annual installments from \$1,245 to \$2,645 through November 1, 2036. The bonds are secured by an amendment to the Ground Lease entered into by the City upon issuance of the 2012A Lease Revenue Bonds. It adds the remainder of the City Hall Complex, the Corporation Yard Administration Building and annex, Bobby Bonds Park, and the future Main Library site. In the event of default,

the Trustee may retain the Lease Agreement and hold the City liable for all Base Rental Payments on an annual basis. The rental payments may not be accelerated.

33,505

Subtotal

72,093

Add: Unamortized bond premium

8,323

Total Lease Revenue Bonds

\$80,416

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

Fiscal Year	Principal	Interest	Total
2020	\$ 3,901	\$ 2,898	\$ 6,799
2021	3,135	2,969	6,104
2022	3,248	2,844	6,092
2023	3,384	2,700	6,084
2024	3,539	2,542	6,081
2025-2029	19,555	10,307	29,862
2030-2034	24,351	5,368	29,719
2035-2039	10,980	787	11,767
Premium	8,323	-	8,323
Total	<u>\$ 80,416</u>	<u>\$ 30,415</u>	<u>\$ 110,831</u>

Direct Borrowings: Loans Payable – Governmental Activities:

Principal Outstanding

2012 financing arrangement in the amount of \$4,000 for the construction of Ryan Bonaminio Park at the Tequesquite Arroyo, secured by lease payments for Fire Station #'s 2, 3, 8, 9, 11, and 12. 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%. In the event of default, the Corporation may terminate the Lease and require the City to continue to make lease payments in the same manner as previously.

\$1,329

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

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

Fiscal Year	Principal	Interest	Total
2020	\$ 430	\$ 37	\$ 467
2021	443	24	467
2022	456	11	467
Total	<u>\$ 1,329</u>	<u>\$ 72</u>	<u>\$ 1,401</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.

Revenue Bonds – Business-Type Activities:

Principal  
Outstanding

<u>Electric</u>			
All electric revenue bonds are covenanted per the Amended and Restated Resolution No. 17662 (Electric) Master Resolution that upon the occurrence and continuation of an event of default, the owners of 25% in aggregate amount of Bond Obligation may, by written notice to the City, declare the entire unpaid principal and accreted value of the bonds due and payable should the City fail to pay its debts as they become due or upon the entry of any decree or order of bankruptcy of the City.			
\$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 6 for information on the swap agreements. Bonds are due in annual installments from \$700 to \$7,835 through October 1, 2035. In 2019, the Electric Fund refunded \$40,425.	\$66,615	\$283,325 2019 Electric Refunding/Revenue Bonds; Series A, fixed rate bonds, 5.0%, due in annual installments from \$3,545 to \$24,005 through October 1, 2048. The bonds refunded the 2008 Electric Revenue Bonds Series D and partially refunded the 2008 Electric Revenue Bonds Series A and C. The refunding transactions resulted in a total net present value savings of \$36,810.	<u>283,325</u>
\$140,380 2010 Electric Revenue Bonds; Series A and B fixed rate bonds, 3% to 7.65%, due in annual installments from \$95 to \$33,725 through October 1, 2040.	135,500	Subtotal	<u>524,430</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.	38,990	Add: Unamortized bond premium	<u>52,483</u>
		Subtotal	<u>\$576,913</u>
		<u>Water</u>	
		All water revenue bonds are covenanted per the Amended and Restated Resolution No. 17664 (Water) Master Resolution that upon the occurrence and continuation of an event of default, the owners of 25% in aggregate amount of Bond Obligation may, by written notice to the City, declare the entire unpaid principal and accreted value of the bonds due and payable should the City fail to pay its debts as they become due or upon the entry of any decree or order of bankruptcy of the City.	
		\$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.	\$4,630
		\$67,790 2009 Water Revenue Bonds; Series B fixed rate bonds, 5.1% to 6.3%, due in annual installments from \$2,475 to \$4,985 through October 1, 2039.	67,790
		\$59,000 2011 Water Refunding/Revenue Bonds; Series A. The bonds were issued at a variable rate; however the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see Note 6. Bonds are due in annual installments from \$600 to \$3,950 through October 1, 2035.	24,050

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\$114,215 2019 Water Refunding/Revenue Bonds; Series A, fixed rate bonds, 5.0%, due in annual installments from \$1,680 to \$8,455 through October 1, 2048. The bonds refunded the 2008 Water Revenue Bonds Series B and partially refunded and partially unwound the swap on the 2011 Water Revenue Bonds Series A. The refunding transactions resulted in a total net present value savings of \$10,759.

Subtotal  
Add: Unamortized bond premium  
Subtotal

114,215  
210,685  
20,954  
\$231,639

Fiscal Year	Electric			Water		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 8,185	\$ 24,963	\$ 33,148	\$ 5,520	\$ 9,920	\$ 15,440
2021	13,530	24,256	37,786	6,335	9,083	15,418
2022	14,135	23,585	37,720	6,640	8,780	15,420
2023	14,810	22,879	37,689	6,915	8,478	15,393
2024	16,790	22,107	38,897	7,215	8,154	15,369
2025-2029	96,890	97,759	194,649	41,225	35,276	76,501
2030-2034	104,940	75,314	180,254	50,000	25,166	75,166
2035-2039	132,775	48,756	181,531	60,740	13,571	74,311
2040-2044	97,380	13,748	111,128	14,260	4,270	18,530
2045-2049	24,995	3,246	28,241	11,835	1,537	13,372
Premium	52,483	-	52,483	20,954	-	20,954
Total	<u>\$ 576,913</u>	<u>\$ 356,613</u>	<u>\$ 933,526</u>	<u>\$ 231,639</u>	<u>\$ 124,235</u>	<u>\$ 355,874</u>

Sewer

All sewer revenue bonds are covenanted per Resolution No. 21860 Sewer Master Resolution that upon the occurrence and continuation of an event of default, the owners of 25% in aggregate amount of Bond Obligation may, by written notice to the City, declare the entire unpaid principal and accreted value of the bonds due and payable should the City fail to pay its debts as they become due or upon the entry of any decree or order of bankruptcy of the City.

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

\$195,240

\$153,670 2018 Sewer Revenue Bonds; Series A fixed rate bonds, 4% to 5%, due in annual installments from \$2,905 to \$11,775 through August 1, 2039. The bonds advanced refunded the 2009 Direct Pay Build America Bonds Series B. The refunding transaction resulted in a total net present value savings of \$18,932.

Subtotal  
Add: Unamortized bond premium  
Subtotal

153,670  
348,910  
3,256  
\$392,166

Total Revenue Bonds

\$1,200,718

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:

Sewer

Fiscal Year	Principal	Interest	Total
2020	\$ 7,915	\$ 18,364	\$ 26,279
2021	8,845	16,599	25,444
2022	9,295	16,146	25,441
2023	9,770	15,669	25,439
2024	11,460	15,139	26,599
2025-2029	66,760	66,249	133,009
2030-2034	85,720	47,283	133,003
2035-2039	109,710	23,300	133,010
2040-2044	39,435	1,695	41,130
Premium	43,256	-	43,256
Total	<u>\$ 392,166</u>	<u>\$ 220,444</u>	<u>\$ 612,610</u>

Pension Obligation Bonds – Business Type Activities:

Principal  
Outstanding

In 2018, the 2005 and 2017 Taxable Pension Obligation Bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency to properly reflect their proportional share. Pension Obligation bonds are not collateralized by assets, nor do they constitute an obligation of the City of Riverside whereby the City is obligated to levy or pledge any form of taxation.

\$30,000 2005 Taxable Pension Obligation Bonds Series A; 3.85% to 4.78%, due in annual installments \$630 to \$3,860 through June 1, 2020. \$3,400 relates to Business Type Activities.

\$1,388

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

\$31,960 2017 Taxable Pension Obligation Bonds Series A; 1.25% to 3.125%, due in annual installments from \$2,910 to \$3,580 through June 1, 2027. \$14,924 relates to Business Type Activities. 13,387  
 Total Pension Obligation Bonds \$14,775

Remaining pension obligation bond debt service payments will be made from unrestricted revenues of the Business-type activities funds. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 1,209	\$ 1,128	\$ 2,337
2021	1,270	947	2,217
2022	1,300	904	2,204
2023	1,330	860	2,190
2024	1,391	815	2,206
2025-2029	7,680	3,336	11,016
2030-2034	9,192	1,934	11,126
2035-2039	6,320	377	6,697
Total	<u>\$ 29,692</u>	<u>\$ 10,301</u>	<u>\$ 39,993</u>

Fiscal Year	Principal	Interest	Total
2020	\$ 3,019	\$ 432	\$ 3,451
2021	1,595	331	1,926
2022	1,629	297	1,926
2023	1,668	256	1,924
2024	1,713	213	1,926
2025-2029	5,151	336	5,487
Total	<u>\$ 14,775</u>	<u>\$ 1,865</u>	<u>\$ 16,640</u>

Principal  
Outstanding

**Certificates of Participation – Business Type Activities:**

In 2019, the 2008 Riverside Renaissance Certificates of Participation were distributed between Governmental Activities and Business-Type Activities to properly reflect their proportional share.

\$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 6. Due in annual installments from \$2,900 to \$7,200 through March 1, 2037; \$30,841 relates to the Civic Entertainment Fund. \$29,692  
 Total Certificates of Participation \$29,692

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

**Lease Revenue Bonds – Business Type Activities:** Principal  
Outstanding

In 2019, the Series 2012A Lease Revenue Refunding Bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency to properly reflect their proportional share.

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. \$8,242 relates to Governmental Activities. \$7,867

Total Lease Revenue Bonds \$7,867

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

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

Fiscal Year	Principal	Interest	Total
2020	\$ 394	\$ 344	\$ 738
2021	414	323	737
2022	434	302	736
2023	457	280	737
2024	480	256	736
2025-2029	2,530	974	3,504
2030-2034	3,158	329	3,487
Total	<u>\$ 7,867</u>	<u>\$ 2,808</u>	<u>\$ 10,675</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, 2019:

Governmental long-term obligations:

Certificates of participation	\$ 7,426
Total	<u>\$ 7,426</u>

Enterprise funds:

Electric	\$ 10,798
Total	<u>\$ 10,798</u>

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

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required)	Annual Debt Service Payments (all of debt secured by this revenue)	Coverage Ratio for FY 06/30/19
Electric revenues	\$ 95,116 *	\$ 42,466	\$ 2.24
Water revenues	25,418 *	15,142	1.68
Sewer revenues	37,703	29,221	1.29

\* Excludes non-cash pension expense

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.

Direct Borrowings: Private Placement Revenue Bonds  
 – Business Type Activities:

Principal Outstanding

\$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 6. Bonds are due in annual installments from \$725 to \$5,175 through October 1, 2035. Upon event of default, the bank may declare the outstanding amount of the obligations payable to be due immediately.

\$41,025

Total Private Placement Revenue Bonds

\$41,025

Remaining private placement revenue bond debt service payments will be made from revenues of the Electric Enterprise fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Electric Interest	Total
2020	\$ 1,750	\$ 1,528	\$ 3,278
2021	1,825	1,458	3,283
2022	1,900	1,386	3,286
2023	1,950	1,311	3,261
2024	725	1,272	1,997
2025-2029	3,625	5,941	9,566
2030-2034	19,075	3,936	23,011
2035-2039	10,175	297	10,472
Total	<u>\$ 41,025</u>	<u>\$ 17,129</u>	<u>\$ 58,154</u>

Direct Borrowings: Notes Payable – Business Type Activities:

Principal Outstanding

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

**City of Riverside**  
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of the land purchase, well relocations and lease termination, the Water fund will make payments to Hillwood in a form of a credit with Hillwood's rental payments to the Water fund for the first 15 years of the leases.

\$20,323

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.

658

Public Parking fund and Civic Entertainment fund loan for Fox Entertainment Plaza project secured with collateral of the Fox Theater, Fox Entertainment Plaza, and Parking Garage No. 7. 3.85%, payable in net annual installments of \$1,747, beginning June 16, 2011 through December 16, 2031. In the event of default, the City would continue to remain liable for the payment of Rental Payments and damages for breach of the Lease.

17,202

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 (Civic Entertainment Fund) secured with collateral of the convention center facility. 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 6. 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. In the event of default, the outstanding amount of the site lease payment drawn by the City and not repaid will bear interest at a default rate that will be charged until the default is cured.

35,490

\$73,673

Total Notes Payable

Remaining notes payable debt service payments will be made from unrestricted revenues of the Sewer fund, Water fund, Public Parking fund and Civic Entertainment fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Water Fund		Total
	Principal	Interest	
2020	\$ 1,280	\$ 511	\$ 1,791
2021	1,354	478	1,832
2022	1,432	443	1,875
2023	1,514	405	1,919
2024	1,601	364	1,965
2025-2029	9,471	1,103	10,574
2030-2034	3,671	95	3,766
Total	<u>\$ 20,323</u>	<u>\$ 3,399</u>	<u>\$ 23,722</u>

Fiscal Year	Sewer Fund		Total
	Principal	Interest	
2020	\$ 326	\$ 14	\$ 340
2021	332	7	339
Total	<u>\$ 658</u>	<u>\$ 21</u>	<u>\$ 679</u>

Fiscal Year	Non-major Enterprise Funds		Total
	Principal	Interest	
2020	\$ 3,030	\$ 1,768	\$ 4,798
2021	3,124	1,662	4,786
2022	3,230	1,552	4,782
2023	3,337	1,439	4,776
2024	3,445	1,321	4,766
2025-2029	19,081	4,705	23,786
2030-2034	17,445	1,288	18,733
Total	<u>\$ 52,692</u>	<u>\$ 13,735</u>	<u>\$ 66,427</u>

Direct Borrowings: Contracts Payable

Principal  
Outstanding

Water stock acquisition rights payable on demand to various water companies

\$937



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

**Direct Borrowings: Capital Leases**

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

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Buildings and improvements	\$ -	\$ 728
Machinery and equipment	28,493	7,828
Subtotal	28,493	8,556
Less: Accumulated depreciation	(7,421)	(4,022)
Total	<u>\$ 21,072</u>	<u>\$ 4,534</u>

The future minimum lease obligations as of June 30, 2019 were as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2020	\$ 3,671	\$ 1,657
2021	3,671	1,348
2022	3,640	819
2023	2,808	626
2024	2,715	259
Thereafter	6,762	779
Total minimum lease payments	23,267	5,488
Less: Amount representing interest (rates ranging from 1.2% to 9%)	(1,845)	(296)
Total capital lease payable	<u>\$ 21,422</u>	<u>\$ 5,192</u>

**9. Compensated Absences**

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time-off or payments upon termination or retirement.

Below is a summary of changes in Compensated absences during the fiscal year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences:					
Governmental activities	\$ 24,985	\$ 17,254	\$ (15,167)	\$ 27,072	\$ 16,424
Business-type activities	8,596	7,991	(7,545)	9,042	7,929
	<u>\$ 33,581</u>	<u>\$ 25,245</u>	<u>\$ (22,712)</u>	<u>\$ 36,114</u>	<u>\$ 24,353</u>

**10. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Property insurance coverage has a limit of \$1,000,000, with a deductible of \$100. Earthquake and flood insurance coverage has a limit of \$25,000, with a deductible of 5% (subject to \$100 minimum for earthquake and \$100 for flood). Workers' compensation insurance coverage has a limit of \$25,000, with a self-insured retention of \$3,000. The City has two General Liability policies; a primary and an excess General Liability policy. The primary General Liability policy coverage has a limit of \$20,000 and the Excess General Liability policy provides an additional \$10,000 of coverage, with a self-insured retention of \$3,000. Both the primary and excess General liability policies cover general and auto liability claims including but not limited to Law Enforcement Liability and Public Officials E & O. 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:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Claims liability	46,232	10,569	(8,342)	48,459	9,543

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

Unpaid claims, June 30, 2017	\$ 44,945
Incurred claims (including IBNR's)	13,690
Claim payments and adjustments	<u>(12,403)</u>
Unpaid claims, June 30, 2018	46,232
Incurred claims (including IBNR's)	10,569
Claim payments and adjustments	<u>(8,342)</u>
Unpaid claims, June 30, 2019	<u><u>\$ 48,459</u></u>

**11. 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, 2019 was 100%. The remaining post closure period is currently 20 years.

The estimated costs as determined and updated by the Public Works 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.

Below is a summary of changes in Landfill Capping during the fiscal year:

Business-type activities	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
Landfill capping	<u>\$ 4,770</u>	<u>\$ 6,969</u>	<u>\$ (603)</u>	<u>\$ 11,136</u>	<u>\$ 559</u>

**12. Commitments and Contingencies**

Intermountain Power Agency

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

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

On September 29, 2006, Senate Bill 1368 (SB 1368) was enacted into law. The bill requires electric service providers to limit financial investments in power plants to those that adhere to greenhouse gas performance standards as determined by the Public Utilities Commission. Pursuant to this legislation, the Electric Utility is prohibited from renewing its participation in IPP if it remains a coal fueled generating resource.

In order to facilitate the continued participation in the IPP, the IPA Board issued the Second Amendatory Power Sales Contract, which amended the IPP Contract allowing the plant to replace the coal units with combined cycle natural gas units by July 1, 2025. On June 16, 2015, the City Council approved the Intermountain Power Project renewal agreements, including the Second Amendatory Power Sales Contract and the Renewal Power Sales Contract, and authorized participation in the IPP Repower Project for up to 5 percent in generation capacity or 60MW. The Second Amendatory Power Sales Contract became effective March 16, 2016.

On January 5, 2017, the Electric Utility executed the Renewal Power Sales Contract and the Electric Utility accepted an offer of 4.167 percent entitlement or 50 MW generation capacity in the IPP Repower Project based on the 1,200 MW designed capacity, which is within the maximum participation level approved by the City Council. The Electric Utility's corresponding Southern Transmission System allocation is 5.278 percent or approximately 127 MW. Further, under the Renewal Power Sales Contract, the Electric Utility has the right to exit from the Repower Project by no later than November 1, 2019, if it is determined that the Repower Project is not cost beneficial to its customers.

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On September 11, 2018, the City Council approved "Alternative Repowering" of the IPP Repower Project, which reduced the design capacity of the future plant from 1,200 MW to 840 MW.

On May 7, 2019, the City Council authorized termination of the Renewal Power Sales Contract between the IPA and the Electric Utility effective November 1, 2019, and the Electric Utility's exit from the IPP Repower Project upon the expiration date of the current Power Sales Contract on June 15, 2027, due to numerous uncertainties surrounding the IPP Repower Project.

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

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

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

**Terms of Take or Pay Commitments**

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

The outstanding debts associated with the take-or-pay obligations have fixed interest rates, which range from 1.83 percent to 5.00 percent. The schedule below details the amount of principal and interest that is due and payable by the Electric Utility as part of the take-or-pay contract for each project in the fiscal year indicated.

Debt Service Payment (in thousands) Year Ending June 30,	IPA	SCPPA			TOTAL
	Intermountain Power Project	Southern Transmission System	Mead-Phoenix Transmission	Mead-Adelanto Transmission	All Projects
2020	\$ 15,081	\$ 6,850	\$ 254	\$ 2,859	\$ 25,044
2021	15,881	7,758	189	2,135	25,963
2022	10,835	9,369	-	-	20,204
2023	8,059	7,083	-	-	15,142
2024	840	7,124	-	-	7,964
2025-2029	-	13,026	-	-	13,026
Total	\$ 50,696	\$ 51,210	\$ 443	\$ 4,994	\$ 107,343

In addition to debt service, the Electric Utility's entitlements require the payment of fuel costs, operating and maintenance, administrative and general and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service and vary each year. The costs incurred for the year ended June 30, 2019 and 2018, are as follows (in thousands):

FISCAL YEAR	Palo Verde						
	Intermountain Power Project	Nuclear Generating Station	Southern Transmission System	Hoover Dam Uprating	Mead-Phoenix Transmission	Mead-Adelanto Transmission	All Projects
2019	\$ 19,375	\$ 3,588	\$ 4,622	\$ -	\$ 46	\$ 500	\$ 28,131
2018	\$ 20,755	\$ 3,653	\$ 3,529	\$ 14	\$ 58	\$ 302	\$ 28,311

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

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

**Hoover Uprating Project**

The Electric Utility's entitlement in the Hoover project through SCPPA will terminate on September 30, 2017. In March 2014, the Electric Utility prepaid

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

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

#### Nuclear Insurance

The Price-Anderson Act (the Act) requires that all utilities with nuclear generating facilities purchase the maximum private primary nuclear liability insurance available (\$450 million) and participate in the industry's secondary financial protection plan. The secondary financial protection program is the industry's retrospective assessment plan that uses deferred premium charges from every licensed reactor owner if claims and/or costs resulting from a nuclear incident at any licensed reactor in the United States were to exceed the primary nuclear insurance at that plant's site. Effective June 30, 2019, the Act limits liability from third-party claims to approximately \$13.9 billion per incident. Under the industry wide retrospective assessment program provided for under the Act, assessments are limited to \$137.6 million per reactor for each nuclear incident occurring at any nuclear reactor in the United States, with payments under the program limited to \$20.5 million per reactor, per year, per event to be indexed for inflation every five years. Based on the Electric Utility's interest in Palo Verde, the Electric Utility would be responsible for a maximum assessment of \$1.3 million, limited to payments of \$0.2 million per incident, per year. If the public liability limit above is insufficient, federal

regulations may impose further revenue-raising measures to pay claims, including a possible additional assessment on all licensed reactor operators.

#### Renewable Portfolio Standards (RPS)

On April 12, 2011, the California Renewable Energy Resources Act (SBX1-2) was signed into law by the Governor, which officially created the first set of tiered RPS targets of 20% by 2013, 25% by 2016 and 33% by 2020. SBX1-2 specified that publicly owned utilities must meet these defined targets via interim Compliance Period (CP) targets to achieve the end goal of 33% RPS by December 31, 2020 as follows: CP1 - average of 20 percent of retail sales during 2011-2013; CP2 – no less than 25 percent of retail sales by December 31, 2016; and CP3 – no less than 33 percent of retail sales by December 31, 2020. The Riverside Public Utilities Board and City Council approved the RPS enforcement program required by SBX1-2 on November 18, 2011 and December 13, 2011, respectively, and further approved the Electric Utility's RPS Procurement plan implementing the new RPS mandates on May 3, 2013 and May 14, 2013, respectively. The Electric Utility met the requirements of SBX1-2 for CP1 (2011-2013) and CP2 (2014-2016). The additional future mandates are expected to be met with resource procurement actions as outlined in the Electric Utility's RPS Procurement Plan. For calendar year 2018, renewable resources provided 34 percent of retail sales requirements.

On October 7, 2015, the Governor signed into law Senate Bill 350 (SB 350) increasing the RPS mandate from 33 percent by 2020 to 50 percent by December 31, 2030. In addition, SB 350 required that an update RPS Procurement Policy must be approved and adopted before January 1, 2019 and be incorporated into the Electric Utility's Integrated Resource Plan. The Board and City Council adopted an updated 2018 Renewable Energy Procurement Policy on September 10, 2018 and October 9, 2018, respectively. The Electric Utility expects to be able to substantially meet the increased RPS mandates imposed by SB 350 with the actions described in the updated procurement policy and the portfolio of renewable resources outlined below.

On September 10, 2018, the 100 Percent Clean Energy Act of 2018 (SB 100) was signed into law by the California Governor. This bill further increases the RPS goals of SBX1-2 and SB 350 by maintaining the 33 percent RPS target by December 31, 2020, but modifying the RPS percentages to be 44 percent by December 31, 2024, 52 percent by December 31, 2027, 60 percent by December 31, 2030, with an end goal of 100 percent of total retail sales of electricity in California generated from eligible renewable energy resources and zero-carbon resources by December 31, 2045. It is expected that the

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California Energy Commission (CEC) will have further guidance and enforcement procedures for publicly owned utilities to meet these increased requirements. The Electric Utility will continue to monitor the outcome and impacts of any upcoming workshops and regulations in meeting the new 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 (PPA) and power sales agreements (PSA) with various entities described below in general on a "take-and-pay" basis. The contracts in the following tables were executed as part of compliance with RPS mandates.

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

Supplier	Type	Maximum Contract <sup>1</sup>	Contract Expiration	Estimated Annual Cost For 2019
Salton Sea Power LLC	Geothermal	46.0 MW	5/31/2020	\$ 27,219
Wintec Energy, Ltd.	Wind	1.3 MW	2/19/2024	151
WKN Wagner	Wind	6.0 MW	12/22/2032	1,319
SunEdison - AP North Lake	Photovoltaic	20.0 MW	8/11/2040	4,705
Dominion - Columbia II	Photovoltaic	11.1 MW	12/22/2034	2,320
GlidePath Power Solutions - GPS Cabazon Wind LLC	Wind	39.0 MW	1/1/2025	4,311
Capital Dynamics - Kingbird Solar B, LLC	Photovoltaic	14.0 MW	12/31/2036	2,875
FTP Solar				
sPower - Summer Solar	Photovoltaic	10.0 MW	12/31/2041	1,752
sPower - Antelope Big Sky Ranch	Photovoltaic	10.0 MW	12/31/2041	1,752
sPower - Antelope DSR 1 Solar	Photovoltaic	25.0 MW	12/19/2036	3,836
Capital Dynamics - Tequesquite Landfill Solar	Photovoltaic	7.3 MW	12/31/2040	1,365
American Renewable Power-Loyalton	Biomass	0.8 MW	4/19/2023	617
CalEnergy - Salton Sea Portfolio Phase 1 and 2	Geothermal	40.0 MW	12/31/2039	18,619
	Total	<u>230.5 MW</u>		<u>\$ 70,841</u>

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

Long-term renewable PPAs with expected delivery:

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

<sup>1</sup> All contracts are contingent on energy delivered from specific related generating facilities. The Electric Utility has no commitment to pay any

amounts except for energy delivered on a monthly basis from these facilities except for any economic curtailments directed by the Electric Utility.

Cap-and-Trade Program

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

At times, the Electric Utility may have allocated allowances in excess of its compliance obligations that can be sold into the CARB quarterly auctions. In fiscal year ended June 30, 2019 and 2018, the Electric Utility received \$7,303 and \$8,131, respectively, in proceeds related to the sale of the GHG allowances, which are included on the Statements of Revenues, Expenses and Changes in Net Position as operating revenue. The Electric Utility has established a restricted Regulatory Requirement reserve to comply with regulatory restrictions and governing requirements related to the use of the GHG proceeds. The available funds are to be utilized for qualifying projects, consistent with the goals of AB 32 to benefit the retail ratepayers. The balance in the Regulatory Requirement reserve was \$18,004 and \$16,093 as of June 30, 2019 and 2018, respectively.

The Electric Utility also purchases GHG allowances which can be used in future periods for GHG compliance regulations. The balance of purchased GHG allowances was \$971 and \$1,097 as of June 30, 2019 and 2018, respectively, and is recorded as inventory in the statement of net position.

13. Other Post-Employment Benefits (OPEB)

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

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*Benefits provided* - Eligibility for continuation of coverage requires retirement from the City and CalPERS with at least 5 years of City service. The retiree is responsible for 100% of the premium cost for coverage, which is based on the blended experience of both the active and retired employees. The City is not required by law or contractual agreement to provide funding other than the pay-as-you-go amount necessary to provide current benefit to eligible retirees and beneficiaries. Retiree and spousal coverage terminates when the retiree becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility age, which is currently age 65. However, retiree benefit continues to the surviving spouse if the retiree elects the CalPERS survivor annuity.

Employees covered by benefit terms – At June 30, 2018, the following employees were covered by the benefit terms:

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

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

The total OPEB liability was determined by actuarial valuation as of June 30, 2018 using the following actuarial assumptions:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Funding Policy:	Pay-as-you-go for implicit rate subsidy
Discount Rate:	3.50% per annum. This discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.
Inflation Rate:	2.75% per annum
Salary Inflation:	3.0% per annum
Salary Increases	The benefits are not payroll related but the City's cost for each individual's projected City contribution is allocated over their lifetime as a level-percentage of pay. For cost method purposes the merit increases from the most recent CalPERS pension plan valuation will be used
Mortality	CalPERS 2014 Experience Study

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

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

	1% Decrease	Current healthcare cost trend rates	1% Increase
Total Net OPEB liability	\$ 34,173	\$ 38,338	\$ 43,228

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

The following presents the total net OPEB liability, calculating using the discount rate of 3.50%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	1% Decrease	Current discount rate	1% Increase
Total Net OPEB liability	\$ 41,534	\$ 38,338	\$ 35,431

**Change in total OPEB liability**

For fiscal year 2019, the City recognized total OPEB expense of \$3,457. The following table shows the change in the total OPEB liability for the year ended June 30, 2019:

	2018
Beginning total OPEB liability	\$ 36,786
Service cost	2,403
Interest	1,301
Changes of assumptions	(306)
Benefit of implied subsidy payments	(1,846)
Net changes	<u>1,552</u>
Ending total OPEB liability	<u><u>\$ 38,338</u></u>

**Deferred outflows/inflows of resources**

At June 30, 2019, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred inflows of resources
Changes of assumptions	\$ (1,520)
Total	<u>\$ (1,520)</u>

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

Year Ending June 30,	Deferred inflows of resources
2019	\$ (247)
2020	(247)
2021	(247)
2022	(247)
2023	(247)
Thereafter	(285)
	<u>\$ (1,520)</u>

#### 14. City Employees Retirement Plan

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

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

##### Safety (Police):

- 1<sup>st</sup> Tier (RPOA, RPOA Supervisory & RPAA Management) - The retirement formula is 3% at age 50 for employees hired on or before February 16, 2012 (RPOA, RPAA Management) or June 8,

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

- 2<sup>nd</sup> Tier (RPOA, RPOA Supervisory & RPAA Management) - The retirement formula is 3% at age 50 for RPOA and RPAA Management employees hired on or after February 17, 2012 and RPOA Supervisory employees hired on or after June 8, 2012 pay their share (9%) of contributions.
- 3<sup>rd</sup> Tier (RPOA, RPOA Supervisory & RPAA) – The retirement formula is 2.7% at age 57 for new members hired on or after January 1, 2013 and the employee must pay the normal cost to CalPERS which is currently at 11.50%. Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

##### Safety (Fire):

- 1<sup>st</sup> Tier - The retirement formula is 3% at age 50 for employees hired before June 11, 2011. Effective January 1, 2019, employees were required to pay a portion of their pensionable income. This portion is a three year increase of 2.5% (2019), 2.5% (2020) and 3% (2021). By 2021, employees will be contributing 8% of their pensionable income.
- 2<sup>nd</sup> Tier - The retirement formula is 3% at age 55 and new employees hired on or after June 11, 2011 pay their share (9%) of contributions.
- 3<sup>rd</sup> Tier – The retirement formula is 2.7% at age 57 for new members hired on or after January 1, 2013. A new member, as defined by the Public Employees' Pension Reform Act (PEPRA), hired on or after January 1, 2013 pay 50% of the normal cost to CalPERS which is currently 11.50% of compensation.

##### Miscellaneous:

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

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

- The retirement formula is 2.7% at age 55 for SEIU and SEIU Refuse employees hired before June 7, 2011. Currently, employees are required to pay 7% of their pensionable income with the City contributing the other 1%. Effective January 1, 2019, employees were required to pay an additional portion of their pensionable income. This portion is a two year increase of 1% (2019) and 1% (2020). By 2020, employees will be contributing the entire 8% of their pensionable income.
- The retirement formula is 2.7% at age 55 for IBEW and IBEW Supervisory employees hired on or before October 18, 2011. Effective November 1, 2017 employees were required to pay 2% of their total pensionable income with the City paying the remaining 6%. Effective each November 1<sup>st</sup>, employees will be required to pay an additional portion of their pensionable income. This portion is a three year increase of 2% (2018), 2% (2019) and 2% (2020). By November 2020, employees will be contributing the entire 8% of their pensionable income.
- 2<sup>nd</sup> Tier - The retirement formula is 2.7% at age 55, and:
  - Miscellaneous employees, IBEW, and IBEW Supervisory hired on or after October 19, 2011 pay their share (8%) of contributions.
  - SEIU and SEIU Refuse employees hired on or after June 7, 2011 pay their share (8%) of contributions.
- 3<sup>rd</sup> Tier – The retirement formula is 2% at age 62 for new members hired on or after January 1, 2013 and the employee must pay the normal cost to CalPERS which is currently at 7%. Classic

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

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

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

(D) Employees Covered - At June 30, 2018, the following employees were covered by the benefit terms of each Plan: Inactive employees or beneficiaries currently receiving benefits are 2,184 and 776 for the Miscellaneous and Safety Plans, respectively. Inactive employees entitled to but not yet receiving benefits are 1,375 and 170 for Miscellaneous and Safety Plans, respectively. Active employees were 1,607 and 568 for Miscellaneous and Safety Plans, respectively.

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

(F) Net Pension Liability - The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures.



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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, 2018 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Projected Salary Increase	Depending on age, service, and type of employment.	
Mortality	The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.	

Discount Rate – The discount rate used to measure each plan's total pension liability as of June 30, 2018 was 7.15%. 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+ 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 adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

<u>Asset Class</u> <sup>1</sup>	<u>Current Target</u> <u>Allocation</u>	<u>Real Return</u> <u>Years 1 - 10</u> <sup>2</sup>	<u>Real Return</u> <u>Years 11+</u> <sup>3</sup>
Global Equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	-0.92%

- (1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (2) An expected inflation of 2.00% used for this period
- (3) An expected inflation of 2.92% used for this period

Changes of Assumptions – In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

(G) Changes in the Net Pension Liability

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

**City of Riverside**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2019**

(amounts expressed in thousands)

Miscellaneous	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 1,371,914	\$ 1,032,027	\$ 339,887
Changes in the year:			
Service Cost	25,117	-	25,117
Interest on Total Pension Liability	92,595	-	92,595
Changes of Assumptions	(37,885)	-	(37,885)
Differences between Expected and Actual Experience	(19,805)	-	(19,805)
Net Plan to Plan Resource Movement	-	(3)	3
Contribution - employer	-	29,920	(29,920)
Contribution - employee	-	9,749	(9,749)
Net Investment Income	-	86,307	(86,307)
Benefit Payments, including Refunds of Employee Contributions	(63,483)	(63,483)	-
Administrative Expenses	-	(1,608)	1,608
Other Misc. Income/(Expense)	-	(3,053)	3,053
Net Changes	(3,461)	57,829	(61,290)
Balance at June 30, 2018	\$ 1,368,453	\$ 1,089,856	\$ 278,597

Miscellaneous	Liability	Net Position	Liability/(Asset)
	Balance at June 30, 2017	\$ 1,041,254	\$ 753,365
Changes in the year:			
Service Cost	20,390	-	20,390
Interest on Total Pension Liability	73,104	-	73,104
Changes of Assumptions	(4,644)	-	(4,644)
Differences between Expected and Actual Experience	868	-	868
Net Plan to Plan Resource Movement	-	(2)	2
Contribution - employer	-	25,451	(25,451)
Contribution - employee	-	6,401	(6,401)
Net Investment Income	-	62,933	(62,933)
Benefit Payments, including Refunds of Employee Contributions	(50,478)	(50,478)	-
Administrative Expenses	-	(1,174)	1,174
Other Misc. Income/(Expense)	-	(2,229)	2,229
Net Changes	39,240	40,902	(1,662)
Balance at June 30, 2018	\$ 1,080,494	\$ 794,267	\$ 286,227

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:

Miscellaneous	Discount Rate	Current Discount Rate	Discount Rate
	Plan's Net Pension Liability/(Asset)	-1% (6.15%) \$ 464,887	(7.15%) \$ 278,597

Safety	Discount Rate	Current Discount Rate	Discount Rate
	Plan's Net Pension Liability/(Asset)	-1% (6.15%) \$ 434,647	(7.15%) \$ 286,228

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

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

For the year ended June 30, 2019, the City recognized pension expense of \$74,940. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date, net	\$ 34,486	\$ -
Changes of assumptions	35,127	(26,405)
Differences between expected and actual experience	-	(25,661)
Net differences between projected and actual earnings on plan investments	3,939	-
Total	\$ 73,552	\$ (52,066)

**City of Riverside**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2019**

(amounts expressed in thousands)

Safety	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date, net	\$ 29,047	\$ -
Differences between actual and actuarial determined contributions	-	-
Changes of assumptions	32,601	(5,329)
Differences between expected and actual experience	661.00	(2,227)
Net differences between projected and actual earnings on plan investments	2,994	-
Total	<u>\$ 65,303</u>	<u>\$ (7,556)</u>

\$63,533 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 subsequent fiscal period rather than in the current fiscal period.

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:

Fiscal Year	Miscellaneous	Safety
2019	\$ 10,613	\$ 19,221
2020	(5,323)	14,653
2021	(15,546)	(3,016)
2022	(2,744)	(2,158)

**15. Other Long-Term Obligations**

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

	Beginning Balance	Additions	Reclass	Reductions	Ending Balance	Due Within One Year
Lease revenue bonds	\$ 15,263	\$ -	\$ 2,415	\$ (1,876)	\$ 15,802	\$ 1,965
Tax allocation bonds	192,096	129,574	-	(138,943)	182,727	4,330
Pension obligation bonds	554	-	-	-	554	-
Direct borrowings:						
Notes payable	4,338	-	-	(420)	3,918	28
	<u>\$ 212,251</u>	<u>\$ 129,574</u>	<u>\$ 2,415</u>	<u>\$ (141,239)</u>	<u>\$ 203,001</u>	<u>\$ 6,323</u>

**Lease Revenue Bonds – Successor Agency:**

\$26,255 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series A are secured by lease payments made by the State of California Department of General Services for the California Tower office building; 2% to 5% due in annual installments from \$545 to \$2,230 through Oct. 1, 2024. The bonds are subject to acceleration under the Trust Agreement upon the occurrence of an event of default and with the consent of the Insurer. There is no remedy of acceleration of the total Base Rental over the term of the Lease.

Principal  
Outstanding

\$11,365

\$4,810 State of California Dept. of General Services Project, 2003 Lease Revenue Refunding Bonds, Series B are secured by lease payments made by the State of California Department of General Services for the California Tower office building; \$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. The bonds are subject to acceleration under the Trust Agreement upon the occurrence of an event of default and with the consent of the Insurer. There is no remedy of acceleration of the total Base Rental over the term of the Lease.

1,840

In 2019, the 2012A Lease Revenue Refunding bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency to properly reflect their proportional share.

\$41,240 Lease Revenue Refunding Bonds, Series 2012A. 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.

2,305

**City of Riverside**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2019**

(amounts expressed in thousands)

Subtotal	<u>15,510</u>
Add: Unamortized bond premium	<u>292</u>
Total Lease Revenue Bonds	<u>\$15,802</u>

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

Fiscal Year	Principal	Interest	Total
2020	\$ 1,965	\$ 723	\$ 2,688
2021	2,101	620	2,721
2022	2,242	510	2,752
2023	2,399	392	2,791
2024	2,556	267	2,823
2025-2029	3,321	351	3,672
2030-2034	926	96	1,022
Premium	292	-	292
Total	<u>\$ 15,802</u>	<u>\$ 2,959</u>	<u>\$ 18,761</u>

**Tax Allocation Bonds – Successor Agency:**

The Successor Agency Tax Allocation Bonds are secured by tax revenues deposited in the Redevelopment Property Tax Trust Fund for the Agency established and held by the County of Riverside Auditor-Controller pursuant to Section 34813(a)(2) of the Dissolution Act. Upon event of default, the principal due on the Bonds is subject to acceleration.

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

\$46,915

\$114,815 2018 Tax Allocation Refunding Bonds Series A and B. The bonds were issued to refund the 2007 Riverside Public Financing Authority Redevelopment Agency Tax Allocation Bonds; Series A, B, C and D. Principal is payable in annual installments from \$140 to

\$9,180 through September 1, 2037. The rate of interest varies from 3.125% to 5% per annum. The refunding transaction resulted in a total net present value savings of \$20,000.

114,815

Subtotal	161,730
Add: Unamortized bond premium	<u>20,997</u>
Total Tax Allocation Bonds	<u>\$182,727</u>

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

Fiscal Year	Principal	Interest	Total
2020	\$ 4,330	\$ 7,519	\$ 11,849
2021	4,685	7,298	11,983
2022	4,920	7,061	11,981
2023	4,710	6,823	11,533
2024	10,280	6,450	16,730
2025-2029	53,635	24,281	77,916
2030-2034	45,705	11,835	57,540
2035-2039	33,465	2,532	35,997
Premium	20,997	-	20,997
Total	<u>\$ 182,727</u>	<u>\$ 73,799</u>	<u>\$ 256,526</u>

**Pension Obligation Bonds – Successor Agency:** Principal Outstanding

In 2018, the 2005 and 2017 Taxable Pension Obligation Bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency to properly reflect their proportional share. Pension Obligation bonds are not collateralized by assets, nor do they constitute an obligation of the City of Riverside whereby the City is obligated to levy or pledge any form of taxation.

\$30,000 2005 Taxable Pension Obligation Bonds Series A; 3.85% to 4.78%, due in annual installments \$630 to \$3,860 through June 1, 2020; \$133 relates to the Successor Agency.

\$133

**City of Riverside**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2019**

(amounts expressed in thousands)

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

421

Total Pension Obligation Bonds

\$554

Notes Payable – Successor Agency:

Principal  
Outstanding

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

Pepsi Cola Bottling Company of Los Angeles, 10.5%, payable in net annual installments of \$341, subject to recording of completion. Interest accrues on the outstanding note balance upon issuance of the Certificate of Completion. Principal and interest on the note are payable solely from Project Property Tax Increment. Payments start upon the time sufficient increment is generated in one year to pay the annual principal and interest on the note. Upon 25 years from the first anniversary date of the certificate of completion, all unpaid principal together with any accrued interest will be forgiven.

\$2,987

Smith's Food & Drug Centers Inc., 6% payable in variable installments, subject to payment of annual Community Facilities District assessment. The note is secured under a developer agreement.

931

Total Notes Payable

\$ 3,918

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
2020	\$ 28	\$ 314	\$ 342
2021	31	310	341
2022	34	307	341
2023	38	304	342
2024	42	300	342
2025-2029	1,217	1,423	2,640
2030-2034	471	1,238	1,709
2035-2039	777	933	1,710
2040-2044	1,280	430	1,710
Total	<u>\$ 3,918</u>	<u>\$ 5,559</u>	<u>\$ 9,477</u>

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

As of June 30, 2019, the City has several series of Assessment District and Community Facility District Bonds outstanding in the amount of \$40,500. 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.

16. 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, 2019:

Receivable Funds	Payable Funds	Amount
General Fund	General Debt Service Fund	\$ 1,513
	Nonmajor Governmental Funds	925
		<u>2,438</u>
Electric Fund	Central Stores Fund *	325
Water Fund	Central Stores Fund *	139
Total		<u>\$ 2,902</u>

\* Internal service fund

**City of Riverside**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2019**

(amounts expressed in thousands)

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, 2019:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
Sewer Fund	General Debt Service Fund	\$ 2,369
	Nonmajor Governmental Funds	637
		<u>3,006</u>
Central Garage Fund *	Nonmajor Governmental Funds	1,373
Total		<u>\$ 4,379</u>

\* Internal service fund

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

<u>Receivable Fund</u>	<u>Amount</u>
Electric Fund	\$ <u>3,803</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, 2019:

<u>Transfers In Funds</u>	<u>Transfers Out Funds</u>	<u>Amount</u>
General Fund	Capital Outlay Fund	\$ 204
	General Debt Service Fund	4,189
	Electric Fund	39,886
	Water Fund	6,584
	Sewer Fund	900
		<u>51,763</u>
Capital Outlay Fund	General Fund	<u>10,747</u>
Debt Service Fund	General Fund	27,822
	Capital Outlay Fund	2,995
	Nonmajor Governmental Funds	38
		<u>30,855</u>
Nonmajor Governmental Funds	General Fund	<u>1,406</u>
Nonmajor Enterprise Funds	General Fund	8,787
	Nonmajor Enterprise Funds	8,186
	Governmental Activities **	1,564
		<u>18,537</u>
Liability Insurance Trust Fund *	General Fund	<u>2,500</u>
Governmental Activities **	Nonmajor Enterprise Funds	<u>96</u>
	Total	<u>\$ 115,904</u>

\* Internal service fund

\*\* Transfer of assets and liabilities as part of the debt restructuring.

**17. Deficit Net Position**

Deficit net position exists in the Self-Insurance Internal Service Fund (\$24,436). This City adopted a Self-Insurance Reserve Policy that addresses the on-going deficit in fund balance. In the past, the City began funding a portion of the deficit in the internal service fund via self-insurance rate increases phased in over several years. However, the increases continue to be offset by unusually large losses incurred during the year combined with an adjustment for the increase in the amount estimated for claims and judgments. Management believes that there are sufficient funds on hand to cover current

payment obligations and plans to continue to control costs and increase rates, as needed.

Deficit net position exists in the Successor Agency Private-Purpose Trust Fund (\$153,475). 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.

18. Economic Contingency

A portion of fund balance has been committed within the General Fund and Measure Z fund for future economic contingencies. The amount that has been set aside for the General Fund is equal to approximately 20% of the 2018-2019 General Fund adopted expenditure budget. For the General Fund Measure Z Fund, \$5,000 has been set aside.

19. 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.

20. Tax Abatements

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

Incremental Sales Tax Revenue can be generated from sales, over the fiscal 2011-12 base period, reported to the State Board of Equalization at the business site and from third party vendor transactions occurring using the business site as the point of sale. Incremental Property Tax Revenue is generated from the increase in County assessed valuation over the 2012-13 base period values, for the parcels designated in the agreement. For parcels acquired after 2012-13 in the project area, the acquisition price will become its base year valuation. The initial 2012-13 base year assessed valuation is \$114,293 and has been adjusted to \$125,043 for the parcels acquired in 2014-

15. The business is due 100% of the incremental Property tax revenue due to the City from the project area tax rate. It is calculated as 11% of the value determined from taking 1% of the difference of current net assessed valuation over the adjusted base valuation. The cumulative rebate payment as of June 30, 2019 is \$599.

21. Prior Period Adjustments

A prior period adjustment of \$12,398 was made to properly allocate the net pension liability, deferred outflows and inflows related to pension contributions, changes in assumptions and differences in experience.

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

Governmental Activities

Net position at July 1, 2018, as previously stated	\$ 841,579
Net pension liability	(12,382)
Deferred outflows related to pension contributions, changes in assumptions and differences in experience	3,261
Deferred inflows related to pension contributions, changes in assumptions and differences in experience	(3,277)
Net position at July 1, 2018, as restated	<u>\$ 829,181</u>

Internal Service Funds

Net position at July 1, 2018, as previously stated	\$ (16,670)
Net pension liability	97
Deferred outflows related to pension contributions, changes in assumptions and differences in experience	(23)
Deferred inflows related to pension contributions, changes in assumptions and differences in experience	76
Net position at July 1, 2018, as restated	<u>\$ (16,520)</u>

**City of Riverside**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2019**

(amounts expressed in thousands)

<u>Business-Type Activities</u>		<u>Non-Major Business-Type activities</u>	
<u>Electric Fund</u>			
Net position at July 1, 2018, as previously stated	\$ 505,412	Net position at July 1, 2018, as previously stated	\$ 51,411
Net pension liability	5,835	Net pension liability	2,382
Deferred outflows related to pension contributions, changes in assumptions and differences in experience	(1,607)	Deferred outflows related to pension contributions, changes in assumptions and differences in experience	(614)
Deferred inflows related to pension contributions, changes in assumptions and differences in experience	1,181	Deferred inflows related to pension contributions, changes in assumptions and differences in experience	601
Net position at July 1, 2018, as restated	<u>\$ 510,821</u>	Net position at July 1, 2018, as restated	<u>\$ 53,780</u>
 <u>Water Fund</u>			
Net position at July 1, 2018, as previously stated	\$ 305,078		
Net pension liability	1,381		
Deferred outflows related to pension contributions, changes in assumptions and differences in experience	(332)		
Deferred inflows related to pension contributions, changes in assumptions and differences in experience	687		
Net position at July 1, 2018, as restated	<u>\$ 306,814</u>		
 <u>Sewer Fund</u>			
Net position at July 1, 2018, as previously stated	\$ 218,186		
Net pension liability	2,784		
Deferred outflows related to pension contributions, changes in assumptions and differences in experience	(707)		
Deferred inflows related to pension contributions, changes in assumptions and differences in experience	807		
Net position at July 1, 2018, as restated	<u>\$ 221,070</u>		





## Required Supplementary Information

### Consists of the following:

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

City of Riverside  
Required Supplementary Information - Unaudited

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

	6/30/2018		6/30/2017		6/30/2016		6/30/2015		6/30/2014	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
<b>TOTAL PENSION LIABILITY</b>										
Service Cost	\$ 25,117	\$ 20,390	\$ 24,766	\$ 21,373	\$ 22,189	\$ 18,144	\$ 22,228	\$ 18,187	\$ 23,320	\$ 18,818
Interest	92,595	73,104	92,725	70,337	90,913	67,513	87,436	64,815	84,965	62,249
Changes of Assumptions	(37,885)	(4,644)	79,037	59,768	-	-	(21,782)	(16,117)	-	-
Difference Between Expected and Actual Experience	(19,805)	868	(26,068)	(18)	(8,417)	(4,373)	(23,548)	(6,835)	-	-
Benefit Payments, Including Refunds and Employee Contribution	(63,483)	(50,477)	(60,108)	(47,009)	(57,702)	(44,609)	(53,853)	(42,076)	(50,770)	(38,981)
<b>Net Change in Total Pension Liability</b>	<b>\$ (3,461)</b>	<b>\$ 39,241</b>	<b>\$ 110,352</b>	<b>\$ 104,451</b>	<b>\$ 46,983</b>	<b>\$ 36,675</b>	<b>\$ 10,481</b>	<b>\$ 17,974</b>	<b>\$ 57,515</b>	<b>\$ 42,086</b>
Total Pension Liability - Beginning	1,371,914	1,041,253	1,261,562	936,802	1,214,579	900,127	1,204,098	882,153	1,146,583	840,067
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 1,368,453</b>	<b>\$ 1,080,494</b>	<b>\$ 1,371,914</b>	<b>\$ 1,041,253</b>	<b>\$ 1,261,562</b>	<b>\$ 936,802</b>	<b>\$ 1,214,579</b>	<b>\$ 900,127</b>	<b>\$ 1,204,098</b>	<b>\$ 882,153</b>
<b>PLAN FIDUCIARY NET POSITION</b>										
Contributions - Employer	\$ 29,920	\$ 25,451	\$ 30,477	\$ 26,775	\$ 29,426	\$ 26,483	\$ 25,996	\$ 23,384	\$ 27,583	\$ 23,156
Contributions - Employee	9,749	6,401	6,115	2,449	5,187	1,837	4,380	924	2,294	365
Net Investment Income	86,307	62,933	104,771	76,844	4,958	3,478	21,671	15,632	145,843	107,032
Benefit Payments, Including Refunds and Employee Contribution	(63,483)	(50,478)	(60,108)	(47,009)	(57,702)	(44,609)	(53,853)	(42,076)	(50,770)	(38,981)
Administrative and Other Expenses	(4,664) <sup>1</sup>	(3,403) <sup>1</sup>	(1,290)	(1,146)	(594)	(428)	(1,056)	(816)	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>\$ 57,829</b>	<b>\$ 40,904</b>	<b>\$ 79,965</b>	<b>\$ 57,913</b>	<b>\$ (18,725)</b>	<b>\$ (13,239)</b>	<b>\$ (2,862)</b>	<b>\$ (2,952)</b>	<b>\$ 124,950</b>	<b>\$ 91,572</b>
Plan Fiduciary Net Position - Beginning	1,032,027 <sup>2</sup>	753,363 <sup>2</sup>	952,062	695,450	970,787	708,689	973,649	711,641	848,699	620,069
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>1,089,856</b>	<b>794,267</b>	<b>1,032,027</b>	<b>753,363</b>	<b>952,062</b>	<b>695,450</b>	<b>970,787</b>	<b>708,689</b>	<b>973,649</b>	<b>711,641</b>
<b>Plan Net Pension Liability Ending (a)-(b)</b>	<b>\$ 278,597</b>	<b>\$ 286,227</b>	<b>\$ 339,887</b>	<b>\$ 287,890</b>	<b>\$ 309,500</b>	<b>\$ 241,352</b>	<b>\$ 243,792</b>	<b>\$ 191,438</b>	<b>\$ 230,449</b>	<b>\$ 170,512</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>79.64%</b>	<b>73.51%</b>	<b>75.23%</b>	<b>72.35%</b>	<b>75.47%</b>	<b>74.24%</b>	<b>79.93%</b>	<b>78.73%</b>	<b>80.86%</b>	<b>80.67%</b>
<b>Total - Employee Payroll</b>	<b>\$ 121,908</b>	<b>\$ 66,081</b>	<b>\$ 116,465</b>	<b>\$ 68,459</b>	<b>\$ 114,521</b>	<b>\$ 64,778</b>	<b>\$ 113,850</b>	<b>\$ 64,648</b>	<b>\$ 113,869</b>	<b>\$ 64,715</b>
<b>Net Pension Liability as a Percentage of Total - Employee Payroll</b>	<b>228.53%</b>	<b>433.15%</b>	<b>291.84%</b>	<b>420.53%</b>	<b>270.26%</b>	<b>372.58%</b>	<b>214.13%</b>	<b>296.12%</b>	<b>202.38%</b>	<b>263.48%</b>

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

Notes to Schedule:

<sup>1</sup> During fiscal year 2017-18, as a result of GASB No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during fiscal year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB No. 68, Account

<sup>2</sup> Includes any beginning of year adjustment.

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

**Schedule of Plan Contributions (Thousands)**

	2018-19 *		2017-18 *		2016-17 *		2015-16 *		2015-16 *		2013-14 *	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
Actuarially Determined Contribution	\$34,486	\$29,047	\$29,948	\$25,289	\$26,955	\$23,076	\$24,885	\$21,886	\$21,063	\$ 18,452	\$ 20,505	\$ 17,341
Contributions in Relation to the Actuarially Determined Contribution	(34,486)	(29,047)	(29,948)	(25,289)	(30,477)	(26,775)	(29,426)	(26,483)	(25,997)	(23,384)	(27,584)	(23,156)
Contribution Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,522)</u>	<u>\$ (3,699)</u>	<u>\$ (4,541)</u>	<u>\$ (4,597)</u>	<u>\$ (4,934)</u>	<u>\$ (4,932)</u>	<u>\$ (7,079)</u>	<u>\$ (5,815)</u>
Total Covered Payroll	\$128,881	\$73,237	\$121,957	\$68,251	\$121,957	\$68,251	\$116,465	\$68,459	\$114,521	\$64,778	\$113,850	\$64,648
Contributions as a Percentage of Total - Covered Payroll	26.76%	39.66%	24.56%	37.05%	22.10%	33.81%	21.37%	31.97%	18.39%	28.48%	18.01%	26.82%

**Notes to Schedule**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were from the June 30, 2016 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	Market Value of Asset
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

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

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

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

	2019	2018
	2018	2017
Reporting period June 30,		
Measurement period June 30,		
Beginning Total OPEB Liability	<u>\$ 36,786</u>	<u>\$ 36,542</u>
Service Cost	2,403	2,554
Interest	1,301	1,090
Changes in Assumptions	(306)	(1,668)
Benefit of Implied Subsidy Payments	<u>(1,846)</u>	<u>(1,732)</u>
Net Changes	<u>1,552</u>	<u>244</u>
Ending Total OPEB Liability	<u>\$ 38,338</u>	<u>\$ 36,786</u>
Covered - Employee Payroll	\$ 170,858	\$ 170,858
Total OPEB Liability as Percentage of Covered Employee Payroll	22.44%	21.53%



## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

**Grants and Restricted Programs Fund** – To account for federal, state, and local grants along with other restricted program revenue.

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

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

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

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

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

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

### **Capital Projects Funds**

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

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

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

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

### **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, 2019  
(amounts expressed in thousands)

Special Revenue

	Urban Areas Security Initiative	Grants and Restricted Programs	Gas Tax	Air Quality Improvements	Housing & Community Development	NPDES Storm Drain	Special Districts	Housing	Total
<b>Assets</b>									
Cash and investments	\$ -	\$ 236	\$ 18,552	\$ 1,150	\$ 560	\$ 178	\$ 408	\$ 11,273	\$ 32,357
Receivable (net of allowance for uncollectibles):									
Interest	-	-	64	4	11	1	1	35	116
Property taxes	-	-	-	-	-	-	96	-	96
Accounts	-	-	-	-	4	-	-	-	4
Intergovernmental	1,796	1,064	657	104	4,038	430	-	-	8,089
Notes	-	-	-	-	14,428	-	-	28,624	43,052
Prepaid items	-	-	-	-	63	-	-	-	63
Land & improvements held for resale	-	-	-	-	443	-	-	2,405	2,848
Total assets	<u>\$ 1,796</u>	<u>\$ 1,300</u>	<u>\$ 19,273</u>	<u>\$ 1,258</u>	<u>\$ 19,547</u>	<u>\$ 609</u>	<u>\$ 505</u>	<u>\$ 42,337</u>	<u>\$ 86,625</u>
<b>Liabilities</b>									
Accounts payable	\$ 871	\$ 180	\$ 24	\$ 4	\$ 926	\$ 7	\$ 21	\$ 727	\$ 2,760
Accrued payroll	-	-	-	-	2	1	-	3	6
Retainage payable	-	-	722	-	-	-	-	-	722
Intergovernmental	-	-	-	-	-	-	1	-	1
Unearned revenue	-	682	-	-	-	-	-	-	682
Due to other funds	925	-	-	-	-	-	-	-	925
Total liabilities	<u>1,796</u>	<u>862</u>	<u>746</u>	<u>4</u>	<u>928</u>	<u>8</u>	<u>22</u>	<u>730</u>	<u>5,096</u>
<b>Deferred Inflows of Resources</b>									
Unavailable revenue	-	413	-	-	14,871	-	-	28,624	43,908
Total deferred inflows of resources	<u>-</u>	<u>413</u>	<u>-</u>	<u>-</u>	<u>14,871</u>	<u>-</u>	<u>-</u>	<u>28,624</u>	<u>43,908</u>
<b>Fund Balances</b>									
Nonspendable:									
Inventories, prepaids and deposits	-	-	-	-	63	-	-	-	63
Restricted for:									
Housing and redevelopment	-	-	-	-	3,685	-	-	12,983	16,668
Transportation and public works	-	25	18,527	1,254	-	601	483	-	20,890
Total fund balances	<u>-</u>	<u>25</u>	<u>18,527</u>	<u>1,254</u>	<u>3,748</u>	<u>601</u>	<u>483</u>	<u>12,983</u>	<u>37,621</u>
Total liabilities deferred inflows of resources, and fund balances	<u>\$ 1,796</u>	<u>\$ 1,300</u>	<u>\$ 19,273</u>	<u>\$ 1,258</u>	<u>\$ 19,547</u>	<u>\$ 609</u>	<u>\$ 505</u>	<u>\$ 42,337</u>	<u>\$ 86,625</u>

Continued



City of Riverside  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019  
(amounts expressed in thousands)

	Capital Projects				Permanent Fund	Total Nonmajor Governmental Funds
	Special Capital Improvement	Storm Drain	Transportation	Total	Library Special	
<b>Assets</b>						
Cash and investments	\$ 5,619	\$ 1,225	\$ 12	\$ 6,856	\$ 1,497	\$ 40,710
Cash and investments at fiscal agent	664	-	-	664	-	664
Receivable (net of allowance for uncollectibles):						
Interest	27	4	-	31	-	147
Property taxes	-	-	-	-	-	96
Accounts	-	-	-	-	-	4
Intergovernmental	-	-	-	-	-	8,089
Notes	-	-	-	-	-	43,052
Prepaid items	-	-	-	-	-	63
Land & improvements held for resale	-	-	-	-	-	2,848
Total assets	<u>\$ 6,310</u>	<u>\$ 1,229</u>	<u>\$ 12</u>	<u>\$ 7,551</u>	<u>\$ 1,497</u>	<u>\$ 95,673</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 19	\$ -	\$ 19	\$ -	\$ 2,779
Accrued payroll	-	-	-	-	-	6
Retainage payable	5	-	-	5	-	727
Intergovernmental	-	-	-	-	-	1
Unearned revenue	-	-	-	-	-	682
Due to other funds	-	-	-	-	-	925
Advance from other funds	2,010	-	-	2,010	-	2,010
Total liabilities	<u>2,015</u>	<u>19</u>	<u>-</u>	<u>2,034</u>	<u>-</u>	<u>7,130</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	-	-	-	-	43,908
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,908</u>
<b>Fund Balances</b>						
Nonspendable:						
Inventories, prepaids and deposits	-	-	-	-	-	63
Permanent fund principal	-	-	-	-	1,497	1,497
Restricted for:						
Housing and redevelopment	-	-	-	-	-	16,668
Transportation and public works	-	-	12	12	-	20,902
Other purposes	4,295	1,210	-	5,505	-	5,505
Total fund balances	<u>4,295</u>	<u>1,210</u>	<u>12</u>	<u>5,517</u>	<u>1,497</u>	<u>44,635</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,310</u>	<u>\$ 1,229</u>	<u>\$ 12</u>	<u>\$ 7,551</u>	<u>\$ 1,497</u>	<u>\$ 95,673</u>

City of Riverside  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the fiscal year ended June 30, 2019  
(amounts expressed in thousands)

Special Revenue

	Urban Area Security Initiative	Grants and Restricted Programs	Gas Tax	Air Quality Improvement	Housing & Community Development	NPDES Storm Drain	Special Districts	Housing	Total
<b>Revenues</b>									
Intergovernmental	\$ 2,460	\$ 3,757	\$ 12,488	\$ 419	\$ 8,231	\$ -	\$ -	\$ -	\$ 27,355
Charges for services	-	636	-	-	-	-	-	-	636
Special assessments	-	-	-	-	-	1,138	3,967	-	5,105
Rental and investment income	-	-	515	32	64	5	2	440	1,058
Miscellaneous	-	88	-	182	234	-	-	470	974
Total revenues	2,460	4,481	13,003	633	8,529	1,143	3,969	910	35,128
<b>Expenditures</b>									
Current:									
General government	-	41	-	475	566	-	-	6,184	7,266
Public safety	2,460	4,449	-	-	-	-	4,591	-	11,500
Highways and streets	-	-	-	-	-	-	638	-	638
Culture and recreation	-	227	-	-	-	-	24	-	251
Capital outlay	-	-	9,154	-	8,110	1,147	-	-	18,411
Debt service:									
Principal	-	-	-	-	8	-	-	20	28
Interest	-	-	-	-	1	-	-	3	4
Total expenditures	2,460	4,717	9,154	475	8,685	1,147	5,253	6,207	38,098
Excess (deficiency) of revenues over (under) expenditures	-	(236)	3,849	158	(156)	(4)	(1,284)	(5,297)	(2,970)
<b>Other financing sources (uses)</b>									
Transfers in	-	261	-	-	-	-	1,145	-	1,406
Transfers out	-	-	-	(38)	-	-	-	-	(38)
Proceeds on retirement of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	261	-	(38)	-	-	1,145	-	1,368
Net change in fund balances	-	25	3,849	120	(156)	(4)	(139)	(5,297)	(1,602)
Fund balances - beginning	-	-	14,678	1,134	3,904	605	622	18,280	39,223
Fund balances - ending	\$ -	\$ 25	\$ 18,527	\$ 1,254	\$ 3,748	\$ 601	\$ 483	\$ 12,983	\$ 37,621

Continued

**City of Riverside**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended June 30, 2019**  
**(amounts expressed in thousands)**

	<b>Capital Projects</b>				<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Special Capital Improvement</b>	<b>Storm Drain</b>	<b>Transportation</b>	<b>Total</b>	<b>Library Special</b>	
<b>Revenues</b>						
Licenses and permits	\$ 3,653	\$ 307	\$ -	\$ 3,960	\$ -	\$ 3,960
Intergovernmental	225	-	-	225	-	27,580
Charges for services	-	-	-	-	-	636
Special assessments	-	-	-	-	-	5,105
Rental and investment income	202	44	-	246	21	1,325
Miscellaneous	-	-	-	-	198	1,172
Total revenues	<u>4,080</u>	<u>351</u>	<u>-</u>	<u>4,431</u>	<u>219</u>	<u>39,778</u>
<b>Expenditures</b>						
Current:						
General government	1,101	-	-	1,101	-	8,367
Public safety	-	-	-	-	-	11,500
Highways and streets	-	-	-	-	-	638
Culture and recreation	-	-	-	-	220	471
Capital outlay	503	712	-	1,215	-	19,626
Debt service:						
Principal	-	-	-	-	-	28
Interest	61	-	-	61	-	65
Total expenditures	<u>1,665</u>	<u>712</u>	<u>-</u>	<u>2,377</u>	<u>220</u>	<u>40,695</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,415</u>	<u>(361)</u>	<u>-</u>	<u>2,054</u>	<u>(1)</u>	<u>(917)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	1,406
Transfers out	-	-	-	-	-	(38)
Proceeds on retirement of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,368</u>
Net change in fund balances	2,415	(361)	-	2,054	(1)	451
Fund balances - beginning	1,880	1,571	12	3,463	1,498	44,184
Fund balances - ending	<u>\$ 4,295</u>	<u>\$ 1,210</u>	<u>\$ 12</u>	<u>\$ 5,517</u>	<u>\$ 1,497</u>	<u>\$ 44,635</u>

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the fiscal year ended June 30, 2019  
(amounts expressed in thousands)

	Special Revenue											
	Urban Area Security Initiative			Grants and Restricted Programs			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	Final Budget	Actual	Variance to Final Budget
<b>Revenues</b>												
Intergovernmental	\$ 6,749	\$ 2,460	\$ (4,289)	\$ 17,498	\$ 3,757	\$ (13,741)	\$ 11,882	\$ 12,488	\$ 606	\$ 420	\$ 419	\$ (1)
Charges for services	-	-	-	564	636	72	-	-	-	-	-	-
Rental and investment income	-	-	-	15	-	(15)	150	515	365	-	32	32
Miscellaneous	-	-	-	214	88	(126)	-	-	-	205	182	(23)
Total revenues	<u>6,749</u>	<u>2,460</u>	<u>(4,289)</u>	<u>18,291</u>	<u>4,481</u>	<u>(13,810)</u>	<u>12,032</u>	<u>13,003</u>	<u>971</u>	<u>625</u>	<u>633</u>	<u>8</u>
<b>Expenditures</b>												
Current:												
General government	-	-	-	10,770	41	10,729	-	-	-	1,445	475	970
Public safety	6,749	2,460	4,289	6,754	4,449	2,305	-	-	-	-	-	-
Highways and streets	-	-	-	161	-	161	-	-	-	-	-	-
Culture and recreation	-	-	-	648	227	421	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	25,953	9,154	16,799	-	-	-
Total expenditures	<u>6,749</u>	<u>2,460</u>	<u>4,289</u>	<u>18,333</u>	<u>4,717</u>	<u>13,616</u>	<u>25,953</u>	<u>9,154</u>	<u>16,799</u>	<u>1,445</u>	<u>475</u>	<u>970</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42)</u>	<u>(236)</u>	<u>(194)</u>	<u>(13,921)</u>	<u>3,849</u>	<u>17,770</u>	<u>(820)</u>	<u>158</u>	<u>978</u>
<b>Other financing sources (uses)</b>												
Transfers in (out)	-	-	-	-	261	261	-	-	-	(38)	(38)	-
Proceeds on retirement of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261</u>	<u>261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38)</u>	<u>(38)</u>	<u>-</u>
Net change in fund balances	-	-	-	(42)	25	67	(13,921)	3,849	17,770	(858)	120	978
Fund balances (deficit), beginning	-	-	-	-	-	-	14,678	14,678	-	1,134	1,134	-
Fund balances (deficit), ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42)</u>	<u>\$ 25</u>	<u>\$ 67</u>	<u>\$ 757</u>	<u>\$ 18,527</u>	<u>\$ 17,770</u>	<u>\$ 276</u>	<u>\$ 1,254</u>	<u>\$ 978</u>

(continued)

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the fiscal year ended June 30, 2019  
(amounts expressed in thousands)

	Special Revenue											
	Housing & Community Development			NPDES Storm Drain			Special Districts			Housing		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
<b>Revenues</b>												
Intergovernmental	\$ 11,892	\$ 8,231	\$ (3,661)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	1,391	1,138	(253)	4,066	3,967	(99)	-	-	-
Rental and investment income	-	64	64	-	5	5	-	2	2	-	440	440
Miscellaneous	-	234	234	-	-	-	-	-	-	-	470	470
Total revenues	<u>11,892</u>	<u>8,529</u>	<u>(3,363)</u>	<u>1,391</u>	<u>1,143</u>	<u>(248)</u>	<u>4,066</u>	<u>3,969</u>	<u>(97)</u>	<u>-</u>	<u>910</u>	<u>910</u>
<b>Expenditures</b>												
Current:												
General government	1,311	566	745	-	-	-	-	-	-	10,999	6,184	4,815
Public safety	-	-	-	-	-	-	4,560	4,591	(31)	-	-	-
Highways and streets	-	-	-	-	-	-	1,197	638	559	-	-	-
Culture and recreation	-	-	-	-	-	-	230	24	206	-	-	-
Capital outlay	24,245	8,110	16,135	2,109	1,147	962	-	-	-	-	-	-
Debt service:												
Principal	8	8	-	-	-	-	-	-	-	20	20	-
Interest	1	1	-	-	-	-	-	-	-	3	3	-
Total expenditures	<u>25,565</u>	<u>8,685</u>	<u>16,880</u>	<u>2,109</u>	<u>1,147</u>	<u>962</u>	<u>5,987</u>	<u>5,253</u>	<u>734</u>	<u>11,022</u>	<u>6,207</u>	<u>4,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,673)</u>	<u>(156)</u>	<u>13,517</u>	<u>(718)</u>	<u>(4)</u>	<u>714</u>	<u>(1,921)</u>	<u>(1,284)</u>	<u>637</u>	<u>(11,022)</u>	<u>(5,297)</u>	<u>5,725</u>
<b>Other financing sources (uses)</b>												
Transfers in (out)	-	-	-	-	-	-	1,110	1,145	35	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on retirement of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,110</u>	<u>1,145</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(13,673)	(156)	13,517	(718)	(4)	714	(811)	(139)	672	(11,022)	(5,297)	5,725
Fund balances (deficit), beginning	3,904	3,904	-	605	605	-	622	622	-	18,280	18,280	-
Fund balances (deficit), ending	<u>\$ (9,769)</u>	<u>\$ 3,748</u>	<u>\$ 13,517</u>	<u>\$ (113)</u>	<u>\$ 601</u>	<u>\$ 714</u>	<u>\$ (189)</u>	<u>\$ 483</u>	<u>\$ 672</u>	<u>\$ 7,258</u>	<u>\$ 12,983</u>	<u>\$ 5,725</u>

(continued)

City of Riverside  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Capital Projects Funds  
For the fiscal year ended June 30, 2019  
(amounts expressed in thousands)

	Capital Projects											
	Capital Outlay			Special Capital Improvement			Storm Drain			Transportation		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
<b>Revenues</b>												
Licenses and permits	\$ -	\$ -	\$ -	\$ 2,574	\$ 3,653	\$ 1,079	\$ 180	\$ 307	\$ 127	\$ -	\$ -	\$ -
Intergovernmental	33,250	13,904	(19,346)	250	225	(25)	12,096	-	(12,096)	21	-	(21)
Special assessments	300	1,000	700	-	-	-	-	-	-	-	-	-
Rental and investment income	180	943	763	-	202	202	13	44	31	-	-	-
Miscellaneous	892	871	(21)	-	-	-	-	-	-	-	-	-
Total revenues	<u>34,622</u>	<u>16,718</u>	<u>(17,904)</u>	<u>2,824</u>	<u>4,080</u>	<u>1,256</u>	<u>12,289</u>	<u>351</u>	<u>(11,938)</u>	<u>21</u>	<u>-</u>	<u>(21)</u>
<b>Expenditures</b>												
Current:												
General government	-	-	-	1,101	1,101	-	-	-	-	-	-	-
Highways and streets	65	-	65	-	-	-	-	-	-	-	-	-
Culture and recreation	271	251	20	-	-	-	-	-	-	-	-	-
Capital outlay	105,484	20,144	85,340	707	503	204	13,767	712	13,055	21	-	21
Debt service:												
Principal	-	-	-	1,383	-	1,383	-	-	-	-	-	-
Interest	-	1	(1)	68	61	7	-	-	-	-	-	-
Bond issuance costs	-	411	(411)	-	-	-	-	-	-	-	-	-
Total expenditures	<u>105,820</u>	<u>20,807</u>	<u>85,013</u>	<u>3,259</u>	<u>1,665</u>	<u>1,594</u>	<u>13,767</u>	<u>712</u>	<u>13,055</u>	<u>21</u>	<u>-</u>	<u>21</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(71,198)</u>	<u>(4,089)</u>	<u>67,109</u>	<u>(435)</u>	<u>2,415</u>	<u>2,850</u>	<u>(1,478)</u>	<u>(361)</u>	<u>1,117</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>												
Transfers in (out)	45,060	7,548	(37,512)	602	-	(602)	-	-	-	-	-	-
Issuance of long-term debt	-	33,505	33,505	-	-	-	-	-	-	-	-	-
Other finance sources - bond premium	-	6,916	6,916	-	-	-	-	-	-	-	-	-
Gain (loss) on retirement of capital assets	-	149	(149)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>45,060</u>	<u>48,118</u>	<u>2,760</u>	<u>602</u>	<u>-</u>	<u>(602)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(26,138)	44,029	69,869	167	2,415	2,248	(1,478)	(361)	1,117	-	-	-
Fund balances (deficit), beginning	26,448	26,448	-	1,880	1,880	-	1,571	1,571	-	12	12	-
Fund balances (deficit), ending	<u>\$ 310</u>	<u>\$ 70,477</u>	<u>\$ 69,869</u>	<u>\$ 2,047</u>	<u>\$ 4,295</u>	<u>\$ 2,248</u>	<u>\$ 93</u>	<u>\$ 1,210</u>	<u>\$ 1,117</u>	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ -</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.

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

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

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

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

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



**City of Riverside**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2019**  
**(amounts expressed in thousands)**

<b>Assets</b>	<b>Civic Entertainment</b>	<b>Airport</b>	<b>Refuse</b>	<b>Transportation</b>	<b>Public Parking</b>	<b>Total</b>
Current assets:						
Cash and investments	\$ 1,378	\$ 1,250	\$ 4,639	\$ 2,316	\$ 1,739	\$ 11,322
Receivables (net of allowance for uncollectibles)						
Interest	-	5	28	9	8	50
Utility billed	-	-	1,230	-	-	1,230
Utility unbilled	-	-	1,003	-	-	1,003
Accounts	546	96	261	21	56	980
Property tax receivable	-	18	-	-	-	18
Intergovernmental	-	1	-	375	32	408
Inventory	76	-	-	-	-	76
Prepaid items	44	-	-	-	-	44
Deposits	300	-	-	-	-	300
Restricted assets:						
Other restricted cash and cash equivalents	-	-	2,500	-	-	2,500
Total current assets	2,344	1,370	9,661	2,721	1,835	17,931
Non-current assets:						
Regulatory assets	-	-	11,280	-	-	11,280
Capital assets:						
Land	2,133	9,988	-	-	9,192	21,313
Buildings	47,027	2,631	-	43	23,702	73,403
Accumulated depreciation-buildings	(8,655)	(1,558)	-	(19)	(6,603)	(16,835)
Improvements other than buildings	56,336	20,713	-	2,848	6,740	86,637
Accumulated depreciation-improvements other than buildings	(9,547)	(9,602)	-	(700)	(3,240)	(23,089)
Machinery and equipment	439	470	16,592	4,294	1,007	22,802
Accumulated depreciation-machinery and equipment	(317)	(419)	(12,518)	(3,514)	(1,007)	(17,775)
Construction in progress	-	105	615	-	-	720
Total non-current assets:	87,416	22,328	15,969	2,952	29,791	158,456
Total assets	89,760	23,698	25,630	5,673	31,626	176,387
<b>Deferred Outflows of Resources</b>						
Change in derivative values	5,763	-	-	-	-	5,763
Deferred charges on refunding	859	-	-	-	-	859
Pension related items	-	219	1,583	711	324	2,837
Total deferred outflows of resources	6,622	219	1,583	711	324	9,459

Continued

**City of Riverside**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2019**  
**(amounts expressed in thousands)**

	<b>Civic</b>					
<b>Liabilities</b>	<b>Entertainment</b>	<b>Airport</b>	<b>Refuse</b>	<b>Transportation</b>	<b>Public Parking</b>	<b>Total</b>
Current liabilities:						
Accounts payable	1,111	51	994	36	148	2,340
Accrued payroll	-	2	20	9	3	34
Retainage payable	-	5	-	-	-	5
Unearned revenue	-	-	1	1,855	-	1,856
Deposits	575	-	-	-	-	575
Accrued interest	9	-	-	-	59	68
Total current liabilities	1,695	58	1,015	1,900	210	4,878
Noncurrent liabilities:						
Due within one year						
Long-term obligations	4,173	34	146	69	1,012	5,434
Compensated absences	-	41	320	132	31	524
Landfill capping	-	-	559	-	-	559
Due in more than one year						
Long-term obligations	70,164	133	570	270	16,134	87,271
Compensated absences	-	2	13	5	1	21
Landfill capping	-	-	10,577	-	-	10,577
Regulatory liability	5	-	-	-	-	5
Net OPEB liability	-	134	1,183	573	273	2,163
Net pension liability	-	829	5,994	2,692	1,224	10,739
Derivative instruments	6,870	-	-	-	-	6,870
Total non-current liabilities	81,212	1,173	19,362	3,741	18,675	124,163
Total liabilities	82,907	1,231	20,377	5,641	18,885	129,041
<b>Deferred Inflows of Resources</b>						
OPEB related items	-	4	40	23	8	75
Pension related items	-	155	1,121	503	229	2,008
Total deferred inflows of resources	-	159	1,161	526	237	2,083
<b>Net Position</b>						
Net investment in capital assets	87,416	22,328	4,689	2,952	29,791	147,176
Restricted for landfill capping	-	-	2,500	-	-	2,500
Unrestricted	(73,941)	199	(1,514)	(2,735)	(16,963)	(94,954)
Total net position	\$ 13,475	\$ 22,527	\$ 5,675	\$ 217	\$ 12,828	\$ 54,722

**City of Riverside**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the fiscal year ended June 30, 2019**  
**(amounts expressed in thousands)**

	<u>Civic Entertainment</u>	<u>Airport</u>	<u>Refuse</u>	<u>Transportation</u>	<u>Public Parking</u>	<u>Total</u>
Operating revenues:						
Charges for services	\$ 16,977	\$ 1,618	\$ 23,004	\$ 444	\$ 4,604	\$ 46,647
Operating expenses:						
Personnel services	-	605	5,138	2,433	225	8,401
Contractual services	6,666	147	4,957	125	1,976	13,871
Maintenance and operation	-	240	6,594	497	684	8,015
General	12,221	203	4,487	522	542	17,975
Materials and supplies	-	27	1,373	226	8	1,634
Insurance	185	34	188	84	121	612
Depreciation and amortization	2,512	710	1,441	593	800	6,056
Total operating expenses	<u>21,584</u>	<u>1,966</u>	<u>24,178</u>	<u>4,480</u>	<u>4,356</u>	<u>56,564</u>
Operating Income (loss)	<u>(4,607)</u>	<u>(348)</u>	<u>(1,174)</u>	<u>(4,036)</u>	<u>248</u>	<u>(9,917)</u>
Nonoperating revenues (expenses):						
Operating grants	-	-	-	3,093	-	3,093
Interest income	13	35	244	53	46	391
Other	(682)	53	292	-	779	442
Gain (loss) on retirement of capital assets	-	3	(312)	20	-	(289)
Interest expense and fiscal charges	(2,567)	(6)	(27)	(13)	(795)	(3,408)
Total non-operating revenues	<u>(3,236)</u>	<u>85</u>	<u>197</u>	<u>3,153</u>	<u>30</u>	<u>229</u>
Income (loss) before capital contributions and transfers	<u>(7,843)</u>	<u>(263)</u>	<u>(977)</u>	<u>(883)</u>	<u>278</u>	<u>(9,688)</u>
Cash capital contributions	-	-	-	375	-	375
Transfers in	18,481	-	-	-	56	18,537
Transfers out	(40)	-	-	-	(8,242)	(8,282)
Change in net position	<u>10,598</u>	<u>(263)</u>	<u>(977)</u>	<u>(508)</u>	<u>(7,908)</u>	<u>942</u>
Net position - beginning, as previously stated	2,877	22,717	5,580	174	20,063	51,411
Prior period adjustment	-	73	1,072	551	673	2,369
Net position - beginning, as restated	<u>2,877</u>	<u>22,790</u>	<u>6,652</u>	<u>725</u>	<u>20,736</u>	<u>53,780</u>
Net position - ending	<u>\$ 13,475</u>	<u>\$ 22,527</u>	<u>\$ 5,675</u>	<u>\$ 217</u>	<u>\$ 12,828</u>	<u>\$ 54,722</u>

City of Riverside  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the fiscal year ended June 30, 2019  
(amounts expressed in thousands)

	Civic Entertainment	Airport	Refuse	Transportation	Public Parking	Totals
Cash flows from operating activities:						
Cash received from customers and users	\$ 17,578	\$ 1,637	\$ 16,831	\$ 366	\$ 5,324	\$ 41,736
Cash paid to employees for services	-	(609)	(5,193)	(2,445)	(235)	(8,482)
Cash paid to other suppliers of goods or services	(18,618)	(600)	(11,434)	(827)	(3,282)	(34,761)
Net cash (used) provided by operating activities	<u>(1,040)</u>	<u>428</u>	<u>204</u>	<u>(2,906)</u>	<u>1,807</u>	<u>(1,507)</u>
Cash flows from noncapital financing activities:						
Transfers in	8,788	-	-	-	8,298	17,086
Transfers out	-	-	-	-	(8,298)	(8,298)
Operating grants	-	-	-	3,093	-	3,093
Receipts (payments) on interfund advances	(225)	-	-	-	-	(225)
Payments on pension obligation bonds	-	(40)	(172)	(83)	(48)	(343)
Other receipts (payments) from non-operating revenue	1	53	292	-	779	1,125
Net cash (used) provided by noncapital financing activities	<u>8,564</u>	<u>13</u>	<u>120</u>	<u>3,010</u>	<u>731</u>	<u>12,438</u>
Cash flows from capital and related financing activities:						
Purchase of capital assets	-	(104)	(1,950)	-	-	(2,054)
Proceeds from the sale of capital assets	-	3	-	21	-	24
Principal paid on long-term obligations	(3,118)	-	-	-	(932)	(4,050)
Interest paid on long-term obligations	(3,407)	(6)	(27)	(13)	(736)	(4,189)
Contributions	-	-	-	375	-	375
Net cash (used) provided for capital and related financing activities	<u>(6,525)</u>	<u>(107)</u>	<u>(1,977)</u>	<u>383</u>	<u>(1,668)</u>	<u>(9,894)</u>
Cash flows from investing activities:						
Sale and (purchase) of investments	(654)	(2)	2	(2)	(3)	(659)
Interest from investments	13	35	244	53	46	391
Net cash (used) provided by investing activities	<u>(641)</u>	<u>33</u>	<u>246</u>	<u>51</u>	<u>43</u>	<u>(268)</u>
Net change in cash and cash equivalents	358	367	(1,407)	538	913	769
Cash and cash equivalents, beginning	<u>1,020</u>	<u>883</u>	<u>8,546</u>	<u>1,778</u>	<u>826</u>	<u>13,053</u>
Cash and cash equivalents, ending	<u>\$ 1,378</u>	<u>\$ 1,250</u>	<u>\$ 7,139</u>	<u>\$ 2,316</u>	<u>\$ 1,739</u>	<u>\$ 13,822</u>

Continued

City of Riverside  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the fiscal year ended June 30, 2019  
(amounts expressed in thousands)

	Continued					
	Civic Entertainment	Airport	Refuse	Transportation	Public Parking	Totals
Reconciliation of operating income (loss) to net cash (used) provided by operating activities:						
Operating income (loss)	\$ (4,607)	\$ (348)	\$ (1,174)	\$ (4,036)	\$ 248	\$ (9,917)
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities:						
Depreciation and amortization	2,512	710	1,441	593	800	6,056
Changes in assets, liabilities and deferred inflows/outflows of resources:						
Utility billed receivable	-	-	(130)	-	-	(130)
Utility unbilled receivable	-	-	(219)	-	-	(219)
Accounts receivable	624	(2)	582	3	732	1,939
Property tax receivable	-	(18)	-	-	-	(18)
Intergovernmental receivable	-	39	-	(81)	(12)	(54)
Inventory	(24)	-	-	-	-	(24)
Prepaid and deposit items	275	-	-	-	-	275
Regulatory asset	-	-	(6,406)	-	-	(6,406)
Accounts payable	223	46	(186)	24	49	156
Accrued payroll	-	-	1	1	(1)	1
Retainage payable	-	5	(15)	-	-	(10)
Other payables	(16)	6	-	612	3	605
Deposits payable	(4)	-	-	-	-	(4)
Landfill capping	-	-	6,366	-	-	6,366
Regulatory liability	(23)	-	-	-	-	(23)
Net OPEB liability and related charges in deferred outflows and inflows of resources	-	3	38	21	8	70
Net pension liability and related charges in deferred outflows and inflows of resources	-	(13)	(94)	(43)	(20)	(170)
Net cash (used) provided by operating activities	<u>\$ (1,040)</u>	<u>\$ 428</u>	<u>\$ 204</u>	<u>\$ (2,906)</u>	<u>\$ 1,807</u>	<u>\$ (1,507)</u>
Schedule of noncash financing and investing activities:						
Gain/(loss) on retirement of capital assets	\$ -	\$ 3	\$ (312)	\$ 20	\$ -	\$ (289)
Capital assets - transfer (from)/to governmental activities	40,646	-	-	-	-	40,646
Long-term obligations - transfer (from)/to governmental activities	(30,936)	-	-	-	(8,242)	(39,178)
Capital assets - transfer (from)/to other nonmajor enterprise funds	(8,563)	-	-	-	8,563	-
Long-term obligations - transfer (from)/to other nonmajor enterprise funds	8,619	-	-	-	(8,619)	-



## **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, 2019  
(amounts expressed in thousands)

<b>Assets</b>	<b>Self-Insurance Trust</b>	<b>Central Stores</b>	<b>Central Garage</b>	<b>Total</b>
<b>Current assets:</b>				
Cash and investments	\$ 25,749	\$ -	\$ 8,404	\$ 34,153
Receivables (net of allowance for uncollectibles)				
Interest	85	-	27	112
Accounts	29	-	5	34
Intergovernmental	55	-	-	55
Inventory	-	6,413	398	6,811
Total current assets	<u>25,918</u>	<u>6,413</u>	<u>8,834</u>	<u>41,165</u>
<b>Non-current assets:</b>				
Advances to other funds	-	-	1,373	1,373
<b>Capital assets:</b>				
Land	-	-	458	458
Intangible assets, depreciable	219	-	-	219
Accumulated depreciation - intangible assets, depreciable	(176)	-	-	(176)
Buildings	-	-	4,092	4,092
Accumulated depreciation-buildings	-	-	(839)	(839)
Improvements other than buildings	-	-	1,315	1,315
Accumulated depreciation - improvements other than buildings	-	-	(571)	(571)
Machinery and equipment	5	188	11,037	11,230
Accumulated depreciation-machinery and equipment	(5)	(122)	(9,100)	(9,227)
Construction in progress	-	-	414	414
Total non-current assets:	<u>43</u>	<u>66</u>	<u>8,179</u>	<u>8,288</u>
<b>Total assets</b>	<u>25,961</u>	<u>6,479</u>	<u>17,013</u>	<u>49,453</u>
<b>Deferred Outflows of Resources</b>				
Pension related items	265	228	1,296	1,789
Total deferred outflows of resources	<u>265</u>	<u>228</u>	<u>1,296</u>	<u>1,789</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	731	402	301	1,434
Accrued payroll	4	2	13	19
Retainage payable	-	-	10	10
Due to other funds	-	464	-	464
Total current liabilities	<u>735</u>	<u>868</u>	<u>324</u>	<u>1,927</u>
<b>Noncurrent liabilities:</b>				
<b>Due within one year</b>				
Long-term obligations	15	21	88	124
Compensated absences	53	68	268	389
Claims liability	9,543	-	-	9,543
<b>Due in more than one year</b>				
Long-term obligations	58	81	342	481
Compensated absences	6	8	31	45
Claims liability	38,916	-	-	38,916
Net OPEB liability	135	159	688	982
Net pension liability	1,007	861	4,907	6,775
Total non-current liabilities	<u>49,733</u>	<u>1,198</u>	<u>6,324</u>	<u>57,255</u>
<b>Total liabilities</b>	<u>50,468</u>	<u>2,066</u>	<u>6,648</u>	<u>59,182</u>
<b>Deferred Inflows of Resources</b>				
OPEB related items	6	6	24	36
Pension related items	188	161	918	1,267
Total deferred inflows of resources	<u>194</u>	<u>167</u>	<u>942</u>	<u>1,303</u>
<b>Net Position</b>				
Net investment in capital assets	43	66	6,806	6,915
Unrestricted	(24,479)	4,408	3,913	(16,158)
Total net position	<u>\$ (24,436)</u>	<u>\$ 4,474</u>	<u>\$ 10,719</u>	<u>\$ (9,243)</u>



**City of Riverside**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2019**  
**(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	\$ 19,274	\$ 1,382	\$ 9,155	\$ 29,811
Operating expenses:				
Personnel services	963	659	3,601	5,223
Contractual services	1,003	5	119	1,127
Maintenance and operation	5	36	2,941	2,982
General	3,264	80	1,029	4,373
Materials and supplies	2	11	169	182
Claims/Insurance	10,745	12	118	10,875
Depreciation and amortization	45	1	1,081	1,127
Total operating expenses	<u>16,027</u>	<u>804</u>	<u>9,058</u>	<u>25,889</u>
Operating income (loss)	<u>3,247</u>	<u>578</u>	<u>97</u>	<u>3,922</u>
Non-operating revenues (expenses):				
Interest income	607	-	253	860
Other	2	-	(4)	(2)
Gain (loss) on retirement of capital assets	3	-	17	20
Interest expense and fiscal charges	(3)	(4)	(16)	(23)
Total non-operating revenue (expenses)	<u>609</u>	<u>(4)</u>	<u>250</u>	<u>855</u>
Income before capital contributions and transfers	3,856	574	347	4,777
Transfers in	2,500	-	-	2,500
Change in net position	6,356	574	347	7,277
Net position - beginning, as previously stated	(30,624)	3,785	10,169	(16,670)
Prior period adjustment	(168)	115	203	150
Net position - beginning, as restated	<u>(30,792)</u>	<u>3,900</u>	<u>10,372</u>	<u>(16,520)</u>
Net position - ending	<u>\$ (24,436)</u>	<u>\$ 4,474</u>	<u>\$ 10,719</u>	<u>\$ (9,243)</u>

City of Riverside  
Combining Statement of Cash Flows  
Internal Service Funds  
For the fiscal year ended June 30, 2019  
(amounts expressed in thousands)

	Self-Insurance Trust	Central Stores	Central Garage	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 19,284	\$ 1,382	\$ 9,524	\$ 30,190
Cash paid to employees for services	1,259	(678)	(3,650)	(3,069)
Cash paid to other suppliers of goods or services	(15,054)	(637)	(4,221)	(19,912)
Net cash (used) provided by operating activities	<u>5,489</u>	<u>67</u>	<u>1,653</u>	<u>7,209</u>
Cash flows from noncapital financing activities:				
Transfers in	2,500	-	-	2,500
Receipts (payments) on interfund advances	335	28	354	717
Payments on pension obligation bonds	(18)	(24)	(96)	(138)
Other receipts (payments) from non-operating revenue	2	-	(4)	(2)
Net cash (used) provided by noncapital financing activities	<u>2,819</u>	<u>4</u>	<u>254</u>	<u>3,077</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	-	(67)	(670)	(737)
Proceeds from the sale of capital assets	3	-	17	20
Interest paid on long-term obligations	(3)	(4)	(16)	(23)
Net cash (used) for capital and related financing activities	<u>-</u>	<u>(71)</u>	<u>(669)</u>	<u>(740)</u>
Cash flows from investing activities:				
Sale and (purchase) of investments	(33)	-	(4)	(37)
Interest from investments	607	-	253	860
Net cash (used) provided by investing activities	<u>574</u>	<u>-</u>	<u>249</u>	<u>823</u>
Net change in cash and cash equivalents	8,882	-	1,487	10,369
Cash and cash equivalents, beginning	<u>16,867</u>	<u>-</u>	<u>6,917</u>	<u>23,784</u>
Cash and cash equivalents, ending	<u>\$ 25,749</u>	<u>\$ -</u>	<u>\$ 8,404</u>	<u>\$ 34,153</u>

Continued

City of Riverside  
 Combining Statement of Cash Flows  
 Internal Service Funds  
 For the fiscal year ended June 30, 2019  
 (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)	\$ 3,247	\$ 578	\$ 97	\$ 3,922
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities:				
Depreciation and amortization	45	1	1,081	1,127
Changes in assets, liabilities and deferred inflows/outflows of resources:				
Accounts receivable	14	-	2	16
Intergovernmental receivable	(4)	-	367	363
Inventory	-	(577)	50	(527)
Accounts payable	(35)	84	108	157
Accrued payroll	1	(1)	(1)	(1)
Retainage payable	-	-	(3)	(3)
Other payables	5	(10)	7	2
Claims liability	2,227	-	-	2,227
Net OPEB liability and related charges in deferred outflows and inflows of resources	4	6	22	32
Net pension liability and related charges in deferred outflows and inflows of resources	(15)	(14)	(77)	(106)
Net cash (used) provided by operating activities	<u>\$ 5,489</u>	<u>\$ 67</u>	<u>\$ 1,653</u>	<u>\$ 7,209</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, 2019**  
**(amounts expressed in thousands)**

	<b>Balance</b>				<b>Balance</b>
	<b>July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>		<b>June 30, 2019</b>
<b>Assets</b>					
Cash and investments	\$ 3,309	\$ 4,545	\$ 4,354	\$	3,500
Cash and investments at fiscal agent	4,688	4,315	4,415		4,588
Interest receivable	10	75	74		11
Property taxes receivable	81	87	81		87
<b>Total assets</b>	<b>\$ 8,088</b>	<b>\$ 9,022</b>	<b>\$ 8,924</b>	<b>\$</b>	<b>8,186</b>
<b>Liabilities</b>					
Accounts payable	\$ 1	\$ 70	\$ 71	\$	-
Held for bond holders	8,087	8,952	8,853		8,186
<b>Total liabilities</b>	<b>\$ 8,088</b>	<b>\$ 9,022</b>	<b>\$ 8,924</b>	<b>\$</b>	<b>8,186</b>



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



**City of Riverside**  
**Balance Sheet**  
**Combining General Fund Schedule**  
**June 30, 2019**  
 (amounts expressed in thousands)

Assets	General Fund	Measure Z Fund	Total General Fund
Cash and investments	\$ 87,808	\$ 32,339	\$ 120,147
Cash and investments at fiscal agent	14	-	14
Receivables (net of allowance for uncollectibles)			
Interest	234	112	346
Property taxes	4,113	-	4,113
Sales tax	11,608	11,072	22,680
Utility billed	1,295	-	1,295
Accounts	5,017	-	5,017
Intergovernmental	4,782	-	4,782
Notes	10	-	10
Prepaid items	774	-	774
Due from other funds	2,438	-	2,438
Land & improvements held for resale	175	-	175
Total assets	\$ 118,268	\$ 43,523	\$ 161,791
<b>Liabilities</b>			
Accounts payable	\$ 6,715	\$ 949	\$ 7,664
Accrued payroll	19,192	69	19,261
Retainage payable	8	6	14
Intergovernmental	218	-	218
Unearned revenue	29	-	29
Deposits	8,813	-	8,813
Total liabilities	34,975	1,024	35,999
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	4,625	-	4,625
Total deferred inflows of resources	4,625	-	4,625
<b>Fund Balances</b>			
Nonspendable:			
Inventories, prepaids and deposits	774	-	774
Land & improvements held for resale	175	-	175
Restricted for:			
Debt service	2,226	-	2,226
Other purposes	1,185	-	1,185
Committed for:			
Economic contingency	56,000	5,000	61,000
Unfunded accrued liability	4,916	-	4,916
Assigned to:			
General government	2,193	332	2,525
Public safety	419	2,533	2,952
Highways and streets	351	-	351
Culture and recreation	611	-	611
Continuing projects	6,152	14,393	20,545
Unassigned	3,666	20,241	23,907
Total fund balances	78,668	42,499	121,167
Total liabilities, deferred inflows of resources, and fund balances	\$ 118,268	\$ 43,523	\$ 161,791

**City of Riverside**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Combining General Fund Schedule**  
**For the fiscal year ended June 30, 2019**  
**(amounts expressed in thousands)**

	<u>General Fund</u>	<u>Measure Z Fund</u>	<u>Total General Fund</u>
<b>Revenues</b>			
Taxes	\$ 178,133	\$ 62,283	\$ 240,416
Licenses and permits	10,357	-	10,357
Intergovernmental	3,466	-	3,466
Charges for services	16,291	-	16,291
Fines and forfeitures	2,078	-	2,078
Special assessments	535	-	535
Rental and investment income	2,980	409	3,389
Miscellaneous	3,287	-	3,287
Total revenues	<u>217,127</u>	<u>62,692</u>	<u>279,819</u>
<b>Expenditures</b>			
Current:			
General government	8,047	1,957	10,004
Public safety	171,895	14,968	186,863
Highways and streets	19,399	890	20,289
Culture and recreation	29,756	50	29,806
Capital outlay	1,815	-	1,815
Total expenditures	<u>230,912</u>	<u>17,865</u>	<u>248,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,785)</u>	<u>44,827</u>	<u>31,042</u>
<b>Other financing sources (uses)</b>			
Transfers in	48,303	3,460	51,763
Transfers out	(40,472)	(10,790)	(51,262)
Transfers out to General Fund *	13,239	(13,239)	-
Total other financing sources (uses)	<u>21,070</u>	<u>(20,569)</u>	<u>501</u>
Net change in fund balances	7,285	24,258	31,543
Fund balances - beginning	71,383	18,241	89,624
Fund balances - ending	<u>\$ 78,668</u>	<u>\$ 42,499</u>	<u>\$ 121,167</u>

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

**City of Riverside**  
**Balance Sheet**  
**Combining Capital Outlay Fund Schedule**  
**June 30, 2019**  
**(amounts expressed in thousands)**

<b>Assets</b>	<b>Capital Outlay</b>	<b>Measure Z Capital Outlay</b>	<b>Total Capital Outlay</b>
Cash and investments	\$ 24,339	\$ 11,096	\$ 35,435
Cash and investments at fiscal agent	-	34,222	34,222
Receivables (net of allowance for uncollectibles)			
Interest	96	25	121
Accounts	387	-	387
Intergovernmental	3,812	-	3,812
Total assets	\$ 28,634	\$ 45,343	\$ 73,977
<b>Liabilities</b>			
Accounts payable	\$ 145	\$ 2,867	\$ 3,012
Retainage payable	29	251	280
Unearned revenue	91	-	91
Total liabilities	265	3,118	3,383
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	117	-	117
Total deferred inflows of resources	117	-	117
<b>Fund Balances</b>			
Restricted for:			
Transportation and public works	28,252	42,225	70,477
Total fund balances	28,252	42,225	70,477
Total liabilities, deferred inflows of resources, and fund balances	\$ 28,634	\$ 45,343	\$ 73,977

**City of Riverside**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Combining Capital Outlay Fund Schedule**  
**For the fiscal year ended June 30, 2019**  
**(amounts expressed in thousands)**

	<u>Capital Outlay</u>	<u>Measure Z Capital Outlay</u>	<u>Total Capital Outlay</u>
<b>Revenues</b>			
Intergovernmental	\$ 13,904	\$ -	\$ 13,904
Special assessments	1,000	-	1,000
Rental and investment income	769	174	943
Miscellaneous	871	-	871
Total revenues	<u>16,544</u>	<u>174</u>	<u>16,718</u>
<b>Expenditures</b>			
Current:			
Capital outlay	10,679	9,465	20,144
Total expenditures	<u>11,342</u>	<u>9,465</u>	<u>20,807</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,202</u>	<u>(9,291)</u>	<u>(4,089)</u>
<b>Other financing sources (uses)</b>			
Transfers in	4,130	6,617	10,747
Transfers out	(3,199)	-	(3,199)
Issuance of long-term debt	-	33,505	33,505
Other finance sources - bond premium	-	6,916	6,916
Proceeds from the sale of capital assets	149	-	149
Total other financing sources (uses)	<u>1,080</u>	<u>47,038</u>	<u>48,118</u>
Net change in fund balances	6,282	37,747	44,029
Fund balances - beginning	21,970	4,478	26,448
Fund balances - ending	<u>\$ 28,252</u>	<u>\$ 42,225</u>	<u>\$ 70,477</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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>103</b>
<b>Revenue Capacity</b> These schedules contain informat property and sales taxes.	<b>109</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>119</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	<b>125</b>
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	<b>128</b>

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

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

(in thousands)

	2010	2011	2012 <sup>1</sup>	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
Net investment in capital assets	\$ 976,614	\$ 1,019,892	\$ 1,076,485	\$ 1,083,485	\$ 1,106,384	\$ 1,126,220	\$ 1,123,910	\$ 1,102,409	\$ 1,093,896	\$ 1,102,837
Restricted	108,932	80,820	86,325	80,712	96,587	105,847	106,488	104,853	112,183	126,551
Unrestricted	(80,947)	(90,159)	23,145	17,989	(2,049)	(406,388)	(389,278)	(362,146)	(364,500)	(356,340)
Total governmental activities net position	<u>\$ 1,004,599</u>	<u>\$ 1,010,553</u>	<u>\$ 1,185,955</u>	<u>\$ 1,182,186</u>	<u>\$ 1,200,922</u>	<u>\$ 825,679</u>	<u>\$ 841,120</u>	<u>\$ 845,116</u>	<u>\$ 841,579</u>	<u>\$ 873,048</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 660,619	\$ 654,974	\$ 666,919	\$ 609,691	\$ 616,844	\$ 626,166	\$ 654,870	\$ 702,844	\$ 800,227	\$ 867,206
Restricted	59,863	56,397	54,923	69,068	68,507	75,660	85,526	93,570	80,717	67,057
Unrestricted	219,720	256,038	285,062	330,833	359,698	209,469	235,144	245,116	199,143	155,468
Total business-type activities net position	<u>\$ 940,202</u>	<u>\$ 967,409</u>	<u>\$ 1,006,904</u>	<u>\$ 1,009,592</u>	<u>\$ 1,045,049</u>	<u>\$ 911,295</u>	<u>\$ 975,540</u>	<u>\$ 1,041,530</u>	<u>\$ 1,080,087</u>	<u>\$ 1,089,731</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 1,637,233	\$ 1,674,866	\$ 1,743,404	\$ 1,693,176	\$ 1,723,228	\$ 1,752,386	\$ 1,778,780	\$ 1,805,253	\$ 1,894,123	\$ 1,970,043
Restricted	168,795	137,217	141,248	149,780	165,094	181,507	192,014	198,423	192,900	193,608
Unrestricted	138,773	165,879	308,207	348,822	357,649	(196,919)	(154,134)	(117,030)	(165,357)	(200,872)
Total primary government net position	<u>\$ 1,944,801</u>	<u>\$ 1,977,962</u>	<u>\$ 2,192,859</u>	<u>\$ 2,191,778</u>	<u>\$ 2,245,971</u>	<u>\$ 1,736,974</u>	<u>\$ 1,816,660</u>	<u>\$ 1,886,646</u>	<u>\$ 1,921,666</u>	<u>\$ 1,962,779</u>

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

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

(in thousands) Page 1 of 2

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
General government	\$ 85,110	\$ 72,606	\$ 48,731	\$ 54,808	\$ 39,331	\$ 26,587	\$ 24,483	\$ 44,510	\$ 45,360	\$ 51,139
Public safety	137,338	139,364	148,605	147,652	149,555	154,123	161,284	160,665	216,772	201,942
Highways and streets	31,492	32,131	35,342	35,072	36,564	36,563	38,836	38,585	42,544	43,770
Culture and recreation	44,319	50,017	54,594	40,077	42,252	45,594	47,762	49,406	38,362	31,200
Interest on long-term debt	32,049	33,638	25,087	16,627	17,741	17,025	16,387	16,028	12,414	10,045
Total governmental activities expenses	330,308	327,756	312,359	294,236	285,443	279,892	288,752	309,194	355,452	338,096
Business-type activities:										
Electric	256,860	275,922	288,799	292,175	304,416	309,874	307,925	317,335	333,061	347,804
Water	55,402	56,390	56,715	58,768	60,030	62,792	57,769	62,189	68,281	70,912
Sewer	41,248	42,276	43,702	43,945	40,385	35,593	39,978	38,305	54,136	70,137
Civic Entertainment	-	-	-	-	-	-	-	-	19,995	24,151
Airport	2,206	2,320	2,646	2,029	1,662	1,809	1,799	1,998	2,179	1,972
Refuse	20,527	20,046	19,979	20,581	20,831	20,007	21,652	21,953	22,082	24,205
Transportation	3,368	3,493	3,667	3,745	4,067	4,385	4,113	4,221	4,782	4,493
Public parking	4,024	4,401	4,984	5,051	4,610	5,604	5,141	5,448	6,186	5,151
Total business-type activities expenses	383,635	404,848	420,492	426,294	436,001	440,064	438,377	451,449	510,702	548,825
Total primary government expenses	\$ 713,943	\$ 732,604	\$ 732,851	\$ 720,530	\$ 721,444	\$ 719,956	\$ 727,129	\$ 760,643	\$ 866,154	\$ 886,921
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 12,933	\$ 14,241	\$ 14,662	\$ 13,338	\$ 13,775	\$ 17,600	\$ 24,944	\$ 27,441	\$ 24,605	\$ 29,281
Public safety	8,177	8,075	7,837	7,793	7,444	7,256	3,243	1,167	1,880	2,443
Highways and streets	17,847	16,985	16,532	15,825	17,487	13,868	5,709	5,930	5,554	6,036
Culture and recreation	2,367	3,180	4,622	5,237	7,406	16,319	12,458	22,802	6,078	7,465
Operating grants and contributions	32,853	21,127	31,581	21,485	14,341	12,869	16,321	19,374	22,548	23,966
Capital grants and contributions	23,395	38,138	54,476	32,202	48,433	43,904	31,216	7,617	18,039	27,450
Total governmental activities program revenues	97,572	101,746	129,710	95,880	108,886	111,816	93,891	84,331	78,704	96,641
Business-type activities:										
Charges for services:										
Electric	309,910	313,703	333,029	347,933	344,037	347,621	354,530	366,066	364,516	363,570
Water	57,534	62,084	65,206	68,489	68,691	66,051	57,250	62,627	66,828	65,177
Sewer	27,342	32,769	37,747	43,772	46,162	50,336	52,664	59,735	65,081	64,282
Civic Entertainment	-	-	-	-	-	-	-	-	16,393	16,977
Airport	1,315	1,342	1,524	1,396	1,100	1,260	1,549	1,578	1,562	1,618
Refuse	18,712	19,134	19,588	20,829	20,677	21,360	21,806	22,567	23,085	23,004
Transportation	328	344	352	344	413	385	377	359	441	444
Public parking	4,876	5,205	4,803	4,777	4,382	4,609	4,918	5,009	6,258	4,604
Operating grants and contributions	2,487	2,159	2,738	2,718	2,524	3,869	2,322	3,751	3,374	3,093
Capital grants and contributions	6,838	7,337	21,164	11,734	11,486	8,027	18,868	24,151	26,957	10,607
Total business-type activities program revenues	429,342	444,077	486,151	501,992	499,472	503,518	514,284	545,843	574,495	553,376
Total primary government program revenues	\$ 526,914	\$ 545,823	\$ 615,861	\$ 597,872	\$ 608,358	\$ 615,334	\$ 608,175	\$ 630,174	\$ 653,199	\$ 650,017

(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									
	2010	2011	2012 <sup>1</sup>	2013 <sup>2</sup>	2014	2015	2016	2017	2018	2019
<b>Net Revenues (Expense)</b>										
Governmental activities	\$(232,736)	\$(226,010)	\$ (182,649)	\$(198,356)	\$ (176,557)	\$ (168,076)	\$ (194,861)	\$ (224,863)	\$(276,748)	\$(241,455)
Business-type activities	45,707	39,229	65,659	75,698	63,471	63,454	75,907	94,394	63,793	4,551
Total primary government net expense	<u>\$(187,029)</u>	<u>\$(186,781)</u>	<u>\$ (116,990)</u>	<u>\$(122,658)</u>	<u>\$ (113,086)</u>	<u>\$ (104,622)</u>	<u>\$ (118,954)</u>	<u>\$ (130,469)</u>	<u>\$(212,955)</u>	<u>\$(236,904)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Sales	\$ 39,645	\$ 44,157	\$ 47,701	\$ 50,222	\$ 55,096	\$ 59,437	\$ 60,976	\$ 75,883	\$ 120,338	\$ 130,645
Property	104,087	100,802	74,179	52,904	51,323	54,864	55,545	59,526	63,515	69,478
Utility users	25,975	26,691	27,320	28,206	28,092	28,076	27,828	27,958	27,498	28,009
Franchise	4,477	4,937	4,883	4,959	5,046	5,543	5,730	4,814	4,972	5,256
Transient occupancy	2,488	2,731	2,995	3,703	4,189	5,280	6,093	6,622	6,793	7,163
Intergovernmental, unrestricted	1,339	1,285	351	337	263	3,153	477	145	172	156
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	8,289	7,439	4,440	2,786	2,759	3,233	729	6,145	5,187	7,500
Miscellaneous	3,344	9,544	9,273	9,208	5,425	12,395	11,708	2,050	4,278	-
Transfers	40,153	34,378	40,679	42,262	43,100	42,681	41,216	45,716	41,459	37,115
Extraordinary items	-	-	149,617	-	-	-	-	-	-	-
Total governmental activities	<u>229,797</u>	<u>231,964</u>	<u>361,438</u>	<u>194,587</u>	<u>195,293</u>	<u>214,662</u>	<u>210,302</u>	<u>228,859</u>	<u>274,212</u>	<u>285,322</u>
Business-type activities:										
Investment income	21,271	17,548	11,405	4,744	8,005	5,319	6,888	2,650	3,939	19,488
Miscellaneous	7,447	4,808	3,110	5,767	7,081	7,652	22,666	14,662	12,901	10,322
Transfers	(40,153)	(34,378)	(40,679)	(42,262)	(43,100)	(42,681)	(41,216)	(45,716)	(41,459)	(37,115)
Extraordinary items	-	-	-	(41,259)	-	-	-	-	-	-
Total business-type activities	<u>(11,435)</u>	<u>(12,022)</u>	<u>(26,164)</u>	<u>(73,010)</u>	<u>(28,014)</u>	<u>(29,710)</u>	<u>(11,662)</u>	<u>(28,404)</u>	<u>(24,619)</u>	<u>(7,305)</u>
Total primary government	<u>218,362</u>	<u>219,942</u>	<u>335,274</u>	<u>121,577</u>	<u>167,279</u>	<u>184,952</u>	<u>198,640</u>	<u>200,455</u>	<u>249,593</u>	<u>278,017</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (2,939)	\$ 5,954	\$ 178,789	\$ (3,769)	\$ 18,736	\$ 46,586	\$ 15,441	\$ 3,996	\$ (2,536)	\$ 43,867
Business-type activities	34,272	27,207	39,495	2,688	35,457	33,744	64,245	65,990	39,174	(2,754)
Total primary government	<u>\$ 31,333</u>	<u>\$ 33,161</u>	<u>\$ 218,284</u>	<u>\$ (1,081)</u>	<u>\$ 54,193</u>	<u>\$ 80,330</u>	<u>\$ 79,686</u>	<u>\$ 69,986</u>	<u>\$ 36,638</u>	<u>\$ 41,113</u>

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

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

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

	2014	2015	2016	2017	2018	2019
General fund						
Nonspendable	\$ 24,419	\$ 23,642	\$ 23,094	\$ 26,168	\$ 1,947	\$ 949
Restricted	2,204	2,985	3,067	2,651	2,991	3,411
Committed	-	-	-	-	53,800	65,916
Assigned	14,505	13,965	9,922	14,968	23,242	26,984
Unassigned	37,732	39,059	29,495	39,283	7,644	23,907
Total general fund	\$ 78,860	\$ 79,651	\$ 65,578	\$ 83,070	\$ 89,624	\$ 121,167
All other governmental funds						
Nonspendable	\$ 1,460	\$ 1,625	\$ 1,619	\$ 1,601	\$ 4,855	\$ 1,560
Restricted for:						
Housing and redevelopment	26,223	25,523	24,746	24,098	18,827	16,668
Debt service	26,177	26,203	26,221	6,455	11,509	6,825
Transportation and public works	54,876	36,347	36,876	34,178	43,499	91,379
Other purposes	321	2,326	3,628	4,145	3,451	5,505
Unassigned	-	-	-	(24)	-	-
Total all other governmental funds	\$ 109,057	\$ 92,024	\$ 93,090	\$ 70,453	\$ 82,141	\$ 121,937

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
Taxes	\$ 177,255	\$ 179,318	\$ 156,593	\$ 139,994	\$ 143,748	\$ 153,200	\$ 156,172	\$ 174,803	\$ 223,116	\$ 240,416
Licenses and permits	6,899	7,657	9,292	10,173	9,244	11,168	11,611	14,455	12,442	14,317
Intergovernmental	60,550	61,082	66,618	50,734	59,348	49,892	51,896	31,440	42,454	44,950
Charges for services	9,570	10,720	11,774	12,062	15,734	24,737	26,443	31,384	17,438	16,927
Fines and forfeitures	7,512	8,928	6,293	6,234	7,283	3,957	1,941	1,976	3,717	2,078
Special assessments	5,464	6,014	6,276	6,669	6,272	6,757	7,039	7,578	7,113	7,973
Use of money and property	11,173	10,173	8,095	3,878	4,315	5,112	4,370	4,718	3,446	6,548
Miscellaneous	7,082	16,605	10,611	14,933	6,957	6,939	12,578	7,252	8,716	5,370
Total revenues	\$ 285,505	\$ 300,497	\$ 275,552	\$ 244,677	\$ 252,901	\$ 261,762	\$ 272,050	\$ 273,606	\$ 318,442	\$ 338,579
<b>Expenditures:</b>										
General government	\$ 23,835	\$ 26,090	\$ 18,835	\$ 15,713	\$ 13,558	\$ 17,799	\$ 19,900	\$ 20,650	\$ 21,135	\$ 18,880
Public safety	138,594	140,994	150,878	150,290	151,721	157,660	164,800	163,712	190,916	198,363
Highways and streets	14,987	14,587	16,651	16,294	16,944	16,594	17,416	17,504	19,207	20,927
Culture and recreation	40,373	44,345	57,538	45,356	34,275	37,527	39,583	40,643	29,382	30,528
Capital outlay	131,908	105,689	75,482	73,581	72,365	60,060	53,208	31,000	33,504	41,585
Debt Service:										
Principal	48,078	89,264	83,378	45,006	45,500	49,101	51,987	72,700	21,904	37,867
Interest	31,267	32,611	24,133	15,116	16,787	17,048	16,451	16,115	12,746	10,493
Debt issuance costs	231	174	169	581	843	172	180	29	24	854
Payment for advance refunding	-	-	-	3,521	-	-	-	-	-	-
Total expenditures	\$ 429,273	\$ 453,754	\$ 427,064	\$ 365,458	\$ 351,993	\$ 355,961	\$ 363,525	\$ 362,353	\$ 328,818	\$ 359,497
Excess of revenues over (under) expenditures	\$ (143,768)	\$ (153,257)	\$ (151,512)	\$ (120,781)	\$ (99,092)	\$ (94,199)	\$ (91,475)	\$ (88,747)	\$ (10,376)	\$ (20,918)

(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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Other financing sources (uses):</b>										
Transfers in	\$ 88,303	\$ 214,631	\$ 196,859	\$ 56,572	\$ 58,469	\$ 61,510	\$ 61,384	\$ 94,521	\$ 102,774	\$ 94,771
Transfers out	(48,150)	(180,280)	(156,305)	(14,178)	(15,369)	(18,829)	(20,168)	(48,805)	(66,021)	(58,688)
Issuance of long term debt	51,821	104,875	34,940	99,753	87,037	30,940	31,145	31,578	14,500	49,485
Capital lease financings	3,116	2,000	-	7,203	6,625	4,450	5,846	2,109	-	-
Proceeds from the sale of capital assets	529	(1,629)	156	82	931	(114)	261	4,199	461	149
Other finance sources - bond premium/(discount)	-	-	-	-	-	-	-	-	-	6,540
Payments to refunded bond agent	-	-	-	(43,591)	-	-	-	-	-	-
Total other financing sources (uses)	95,619	139,597	75,650	105,841	137,693	77,957	78,468	83,602	51,714	92,257
<b>Extraordinary items:</b>										
Dissolution of Riverside Redevelopment Agency:										
Transfer of assets and liabilities to										
Successor Agency	-	-	(130,174)	-	-	-	-	-	-	-
Transfer of assets from Successor Agency	-	-	28,121	-	-	-	-	-	-	-
Assumption of obligation	-	-	(4,927)	-	-	-	-	-	-	-
Total extraordinary items	-	-	(106,980)	-	-	-	-	-	-	-
Net change in fund balances	\$ (48,149)	\$ (13,660)	\$ (182,842)	\$ (14,940)	\$ 38,601	\$ (16,242)	\$ (13,007)	\$ (5,145)	\$ 41,338	\$ 71,339
Debt service as a percentage of noncapital expenditures	23.211%	32.757%	32.507%	21.039%	21.803%	22.360%	21.714%	26.625%	11.999%	15.143%

(1) 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.

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

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

(in thousands)

<b>Fiscal Year</b>	<b>Residential Sales</b>	<b>Commercial Sales</b>	<b>Industrial Sales</b>	<b>Wholesale Sales</b>	<b>Other Sales</b>	<b>Transmission Revenue</b>	<b>Other Operating Revenue</b>	<b>Total Revenues</b>
2010	107,301	65,091	97,458	1,466	5,639	21,100	11,855	309,910
2011	107,792	64,039	102,067	124	5,529	22,091	12,061	313,703
2012	110,471	66,047	107,455	50	5,614	30,735	12,657	333,029
2013	118,173	66,632	110,680	638	5,712	32,688	13,410	347,933
2014	111,880	67,063	111,260	115	5,600	32,630	15,489	344,037
2015	114,112	68,572	112,283	60	5,654	30,587	16,353	347,621
2016	116,997	69,759	113,756	3	4,737	32,924	16,354	354,530
2017	117,662	71,456	115,432	9	4,782	35,497	21,228	366,066
2018	115,630	71,128	115,106	2	4,792	37,484	20,374	364,516
2019	116,303	69,878	114,078	344	4,824	35,730	22,413	363,570

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

**(in thousands)**

<b>Fiscal Year</b>	<b>Sales Tax<sup>1</sup></b>	<b>Property Tax<sup>2</sup></b>	<b>Utility Users Tax</b>	<b>Franchise Tax</b>	<b>Transient Occupancy Tax</b>	<b>Total Taxes</b>
2010	\$ 39,645	\$ 104,087	\$ 25,975	\$ 4,477	\$ 2,488	\$ 176,672
2011	44,157	100,802	26,691	4,937	2,731	179,318
2012	47,701	74,179	27,320	4,883	2,995	157,078
2013	50,222	52,904	28,206	4,959	3,703	139,994
2014	55,096	51,323	28,092	5,046	4,189	143,746
2015	59,437	54,864	28,076	5,543	5,280	153,200
2016	60,976	55,545	27,828	5,730	6,093	156,172
2017	75,883	59,526	27,958	4,814	6,622	174,803
2018	120,338	63,515	27,498	4,972	6,793	223,116
2019	130,645	69,478	28,009	5,256	7,163	240,551

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

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

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

(in thousands of dollars)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Apparel Stores	\$ 152,564	\$ 161,802	\$ 168,352	\$ 175,320	\$ 178,349	\$ 188,670	\$ 203,001	\$ 214,852	\$ 210,158	\$ 212,036
General Merchandise	435,230	432,303	444,125	450,988	463,355	475,147	477,903	478,538	465,490	470,386
Food Stores	170,151	167,259	169,380	181,719	193,368	209,022	217,902	168,854	169,922	184,278
Eating and Drinking Places	364,291	371,419	395,423	422,153	447,841	483,901	533,317	582,262	609,705	639,995
Building Materials	307,894	292,605	349,398	376,011	454,468	514,993	567,790	636,415	666,907	738,178
Auto Dealers and Supplies	786,012	847,986	965,529	1,118,907	1,280,633	1,461,217	1,548,385	1,608,231	1,588,854	1,621,311
Service Stations	301,654	350,904	419,497	430,322	418,110	413,128	370,257	338,762	360,830	432,991
Other Retail Stores	487,924	501,071	517,583	535,945	550,157	595,305	633,089	692,375	677,850	666,659
All Other Outlets	893,809	977,260	1,072,513	1,008,206	1,154,492	1,312,607	1,461,982	1,474,160	1,481,019	1,700,733
<b>Total</b>	<b>\$ 3,899,529</b>	<b>\$ 4,102,609</b>	<b>\$ 4,501,800</b>	<b>\$ 4,699,571</b>	<b>\$ 5,140,773</b>	<b>\$ 5,653,990</b>	<b>\$ 6,013,625</b>	<b>\$ 6,194,449</b>	<b>\$ 6,230,735</b>	<b>\$ 6,666,567</b>

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

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

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

(in thousands)

Fiscal Year Ended June 30	City				Dissolved Redevelopment Agency <sup>1</sup>				Total Direct Rate <sup>2</sup>
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
2010	22,644,262	1,299,353	(7,103,040)	16,840,575	5,598,484	564,825	(266,257)	5,897,052	0.350
2011	22,056,793	1,260,923	(6,920,720)	16,396,996	5,396,219	544,906	(268,323)	5,672,802	0.347
2012	22,031,328	1,264,151	(6,952,649)	16,342,830	5,395,632	572,153	(270,313)	5,697,472	0.348
2013	22,313,665	1,244,448	(7,142,401)	16,415,712	N/A	N/A	N/A	N/A	0.348
2014	23,045,134	1,201,634	(7,394,982)	16,851,786	N/A	N/A	N/A	N/A	0.125
2015	24,482,621	1,329,391	(7,945,000)	17,867,012	N/A	N/A	N/A	N/A	0.124
2016	25,710,122	1,225,375	(8,432,984)	18,502,513	N/A	N/A	N/A	N/A	0.124
2017	26,927,989	1,311,356	(9,029,817)	19,209,528	N/A	N/A	N/A	N/A	0.124
2018	28,373,517	1,354,934	(9,791,810)	19,936,641	N/A	N/A	N/A	N/A	0.124
2019	30,196,815	1,420,597	(10,818,883)	20,798,529	N/A	N/A	N/A	N/A	0.124

Notes:

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

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

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

Source: Riverside County Auditor-Controller



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

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/2017	2017/2018	2018/2019
Basic Levy <sup>1</sup>	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Unified School Districts Debt Service <sup>2</sup>	0.284	0.301	0.332	0.325	0.390	0.377	0.487	0.495	0.517	0.521
City of Riverside Debt Service	0.006	0.006	0.006	0.006	0.007	0.006	0.006	0.006	0.006	0.006
Metropolitan Water District Original Area	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004
Riverside City Community College Debt Service	0.012	0.015	0.017	0.017	0.018	0.018	0.017	0.016	0.016	0.015
<b>Total Direct &amp; Overlapping<sup>3</sup> Tax Rates</b>	<b>1.307</b>	<b>1.325</b>	<b>1.358</b>	<b>1.352</b>	<b>1.418</b>	<b>1.405</b>	<b>1.514</b>	<b>1.521</b>	<b>1.543</b>	<b>1.545</b>
<b>City's Share of 1% Levy Per Prop 13<sup>4</sup></b>	0.113	0.113	0.113	0.113	0.113	0.113	0.113	0.113	0.113	0.113
<b>General Obligation Debt Rate</b>	0.006	0.006	0.006	0.006	0.007	0.006	0.006	0.006	0.006	0.006
<b>Redevelopment Rate<sup>5,7</sup></b>	1.004	1.004	1.004	-	-	-	-	-	-	-
<b>Total Direct Rate<sup>6</sup></b>	0.350	0.347	0.348	0.348	0.125	0.124	0.124	0.124	0.124	0.124

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

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

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

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

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

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

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

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

Source: Riverside County Assessor 2009/10 - 2018/19 Tax Rate Table.

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

(in thousands)

Property Owner	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Riverside Healthcare System	\$ 315,873	1	1.1%	\$ 115,209	5	0.5%
Tyler Mall	220,073	2	0.7%	185,984	1	0.8%
Rohr Inc	161,444	3	0.5%	77,617	8	0.3%
CPT Riverside Plaza LLC	159,171	4	0.5%	-		0.0%
La Sierra University	135,947	5	0.5%	-		0.0%
Corona Pointe Apartments	104,102	6	0.4%	-		0.0%
Smiths Food and Drug Centers Inc.	101,093	7	0.3%	-		0.0%
Cole ID	101,007	8	0.3%	-		0.0%
Walmart Stores Inc./Sams	83,051	9	0.3%	-		0.0%
Northrop Drive Apartments Investment	82,307	10	0.3%	-		0.0%
BRE Properties	-		0.0%	183,544	2	0.8%
La Sierra University	-		-	123,948	3	0.5%
Riverside Fair Isle Apartments	-		0.0%	115,517	4	0.5%
State Street Bank and Trust Co	-		0.0%	85,059	6	0.4%
MEF Realty	-		-	82,603	7	0.4%
Press Enterprise Company	-		-	76,801	9	0.3%
Canyon Springs Marketplace Corporation	-		-	69,743	10	0.3%
Totals	<u>\$ 1,464,068</u>		<u>4.9%</u>	<u>\$ 1,116,025</u>		<u>4.9%</u>

Notes:

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

Source: Riverside County Assessor 2018/19 and 2009/10 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
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%	-	50,023	100.00%
2017	53,655	53,252	99.25%	-	53,655	100.00%
2018	57,567	57,173	99.32%	-	57,567	100.00%
2019	63,303	62,557	98.82%	-	62,557	98.82%

Note:

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

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Type of Customer:</b>										
Residential	701	666	688	726	700	711	726	730	727	722
Commercial	406	400	413	419	421	428	438	448	447	434
Industrial	906	912	969	1,003	997	995	983	996	999	973
Wholesale sales	44	7	2	14	4	2	-	1.00	-	-
Other	32	31	31	31	30	31	23	23	22	21
<b>Total</b>	<b>2,089</b>	<b>2,016</b>	<b>2,103</b>	<b>2,193</b>	<b>2,152</b>	<b>2,167</b>	<b>2,170</b>	<b>2,198</b>	<b>2,195</b>	<b>2,150</b>
<b>Total direct rate</b>										
Monthly Base Rate <sup>1</sup>	18.06	18.06	18.06	18.06	18.06	18.06	18.06	18.06	18.06	19.41

<sup>1</sup> Monthly Base Rate includes a Reliability Charge of \$5.00 (small residence 100 amp) implemented in January 2008. In January 2010, the Reliability Charge increased to \$10.00 (small residence 100 amp). In January 2019, the Minimum Customer Charge increased to \$8.86, a Network Access Charge of \$55 was included and the tier 1 rate increased to \$0.1047 per kWh.

Source: Riverside Public Utilities, Finance Services

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

<b>Fiscal Year Ended June 30</b>	<b><u>Residential</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Other</u></b>
<b>2010</b>	0.15307	0.16014	0.10756	0.17876
<b>2011</b>	0.16173	0.16001	0.11194	0.18089
<b>2012</b>	0.16068	0.15991	0.11088	0.17938
<b>2013</b>	0.16274	0.15913	0.11030	0.18375
<b>2014</b>	0.15995	0.15936	0.11156	0.18513
<b>2015</b>	0.16050	0.16022	0.11282	0.18291
<b>2016</b>	0.16119	0.15915	0.11577	0.20908
<b>2017</b>	0.16116	0.15958	0.11586	0.21287
<b>2018</b>	0.15910	0.15902	0.11524	0.21288
<b>2019</b>	0.16111	0.16086	0.11724	0.23448

Source: Riverside Public Utilities, Finance Services

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

Electricity Customer	2019			2010		
	Electricity Charges	Rank	Percent of Total Electric Revenues	Electricity Charges	Rank	Percent of Total Electric Revenues
Local University	\$12,521,897	1	4.10%	\$8,526,826	1	3.10%
Local Government	8,096,896	2	2.65%	7,139,875	2	2.59%
Local Government	7,927,628	3	2.60%	6,241,613	3	2.27%
Local School District	4,757,101	4	1.56%	3,928,397	4	1.43%
Corporation	4,358,346	5	1.43%	3,186,136	5	1.16%
Corporation	3,976,748	6	1.30%	2,265,432	6	0.82%
Corporation	3,502,843	7	1.15%	1,935,552	8	0.70%
Corporation	2,884,234	8	0.95%	-		0.00%
Hospital	2,867,398	9	0.94%	2,010,606	7	0.73%
Corporation	2,809,523	10	0.92%	-		0.00%
Hospital	-		-	1,759,489	9	0.64%
Corporation	-		-	1,744,306	10	0.63%
Local University	-		-	-		0.00%
	<u>\$53,702,614</u>		<u>17.60%</u>	<u>\$38,738,232</u>		<u>14.07%</u>

Retail Sales Per Financial Statements \$305,083,100

\$ 275,489,519

N/A - not available

Source: Riverside Public Utilities, Finance Services

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

(in thousands)

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Redevelopment Bonds	Revenue Bonds	Pension Obligation Bonds <sup>2</sup>	Certificates of Participation	Capital Leases	Notes/Loans Payable
2010	17,533	278,867	-	136,050	211,212	6,303	9,291
2011	16,845	305,195	-	132,095	207,246	6,670	8,849
2012	16,107	-	-	127,480	202,703	5,220	4,000
2013	15,314	-	43,762	122,005	158,697	8,424	28,652
2014	14,460	-	42,344	115,775	191,446	13,168	47,611
2015	13,546	-	40,891	108,725	187,212	14,966	45,574
2016	12,567	-	39,398	101,000	181,429	12,006	43,482
2017	11,513	-	37,854	92,592	156,516	17,193	41,325
2018	10,388	-	36,246	60,883	150,800	25,647	1,746
2019	9,179	-	80,416	50,486	99,178	21,422	1,329

Fiscal Year	Business-Type Activities						
	Revenue Bonds	Notes/Loans Payable	Capital Leases	Pension Obligation Bonds <sup>2</sup>	Certificates of Participation <sup>3</sup>	Revenue Bonds <sup>4</sup>	Total Primary Government
2010	968,393	7,249	2,151	-	-	-	1,637,049
2011	1,071,554	76,747	1,720	-	-	-	1,826,921
2012	1,063,853	73,821	1,332	-	-	-	1,494,516
2013	1,031,839	70,798	2,558	-	-	-	1,482,049
2014	1,094,290	36,030	2,266	-	-	-	1,557,390
2015	1,239,634	37,225	1,720	-	-	-	1,689,493
2016	1,208,851	37,793	4,694	-	-	-	1,641,220
2017	1,180,345	35,255	6,209	-	-	-	1,578,802
2018	1,139,864	78,583	6,821	18,324	-	-	1,529,302
2019	1,241,742	73,673	5,192	14,775	29,692	7,867	1,634,951

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

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

<sup>3</sup> The 2008 Certificates of Participation were divided between Governmental Activities and Business-Type Activities.

<sup>4</sup> The 2012 Lease Revenue Refunding Bonds were divided between Governmental Activities, Business-Type Activities and the Successor Agency.

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

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

(in thousands, except per capita amount)

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Pension Bonds</b>	<b>Certificates of Participation</b>	<b>Tax Allocation Bonds</b>	<b>Total</b>	<b>Percent of Assessed Value<sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
2010	17,533	136,050	211,212	278,867	643,662	3.82%	2,140
2011	16,845	132,095	207,246	305,195	661,381	4.03%	2,175
2012	16,107	127,480	202,703	-	346,290	2.12%	1,122
2013	15,314	122,005	158,697	-	296,016	1.80%	949
2014	14,460	115,775	191,446	-	321,681	1.91%	1,024
2015	13,546	108,725	187,212	-	309,483	1.73%	985
2016	12,567	101,000	181,429	-	294,996	1.65%	909
2017	11,513	92,592	156,516	-	260,621	1.36%	798
2018	10,388	79,207	150,800	-	240,395	1.21%	738
2019	9,179	65,261	128,870	-	203,310	0.98%	620

Notes:

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

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

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

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



**Table 17**  
**City of Riverside**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2019**

2018-19 Assessed Valuation:	\$ 29,855,536,634
Less Dissolved Redevelopment Agency Incremental Valuation:	<u>9,057,007,866</u>
Adjusted Assessed Valuation:	<u><u>\$ 20,798,528,768</u></u>

	<u>Total Debt</u>	<u>% Applicable</u>	<u>City's Share of Debt<sup>1</sup></u>
<b>Overlapping debt repaid with property taxes<sup>2</sup></b>			
Metropolitan Water District	\$ 48,050,000	1.035 %	\$ 497,318
Riverside County Flood Control and Water Conservation District Zone No. 4	14,690,000	2.025	297,473
Riverside City Community College District	251,471,071	28.552	71,800,020
Alvord Unified School District	203,051,696	71.101	144,371,786
Riverside Unified School District	206,470,000	85.788	177,126,484
Corona-Norco Unified School District	422,937,699	0.001	4,229
Jurupa Unified School District	165,717,972	0.001	1,657
Moreno Valley Unified School District	162,268,521	10.315	16,737,998
Alvord Unified School District Community District No.2006-1	7,070,000	82.333	5,820,943
Riverside Unified School District Community Facilities Districts	70,850,000	88.816-100.	70,740,397
City of Riverside Community Facilities Districts	19,875,000	100	19,875,000
City of Riverside 1915 Act Bonds	20,715,000	100	<u>20,715,000</u>
Total overlapping debt repaid with property taxes			<u>\$ 527,988,305</u>

(continued)

**Table 17**  
**City of Riverside**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2019**

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

Riverside County General Fund Obligations	\$ 760,133,611	10.778 %	\$ 81,927,201
Riverside County Pension Obligations	243,850,000	10.778	26,282,153
Corona-Norco Unified School District General Fund Obligations	29,469,785	0.001	295
Jurupa Unified School District Certificates of Participation	58,684,751	0.001	587
Moreno Valley Unified School District Certificates of Participation	13,980,000	10.315	1,442,037
Riverside Unified School District General Fund Obligations	15,387,652	85.788	13,200,759
Western Municipal Water District General Fund Obligations	9,020,960	32.645	2,944,892
Total other overlapping debt			125,797,924
Less: Riverside County supported obligations			187,225
			<u>125,610,699</u>
Overlapping tax Increment debt			<u>199,246,817</u>
Total overlapping debt			852,845,821
City direct debt			<u>314,344,000</u>
Combined total direct and overlapping debt			<u><u>\$ 1,167,189,821</u></u>

- (1) Debt balances are as of June 30, 2018 (most recent available) for other agency debt, and June 30, 2018 for all City of Riverside direct debt.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, non-bonded capital lease obligations. Qualified Zone Academy bonds are included based on principal due at maturity.

Ratios to 2018-19 Assessed Valuation:

Total debt repaid with property taxes.....	1.77%
City direct debt (\$14,344,000).....	1.05%
Combined total direct and overlapping debt.....	3.91%

Ratios to Dissolved Redevelopment Incremental Valuation (\$9,057,007,866):

Total overlapping tax Increment debt.....	2.20%
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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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed valuation	\$16,840,575	\$16,396,996	\$16,342,830	\$ 16,415,712	\$ 16,851,786	\$ 17,867,012	\$18,502,513	\$19,209,528	\$ 19,936,641	\$ 20,798,529
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	4,210,144	4,099,249	4,085,708	4,103,928	4,212,947	4,466,753	4,625,628	4,802,382	4,984,160	5,199,632
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	631,522	614,887	612,856	615,589	631,942	670,013	693,844	720,357	747,624	779,945
Total net debt applicable to limit:	17,533	16,845	16,107	15,314	14,460	13,546	12,567	11,513	10,388	9,179
Legal debt margin	613,989	598,042	596,749	600,275	617,482	656,467	681,277	708,844	737,236	770,766
Total net debt applicable to the limit as a percentage of debt limit	2.8%	2.7%	2.6%	2.5%	2.3%	2.0%	1.8%	1.6%	1.4%	1.2%

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

Source: City of Riverside, Statistical Table 8, Statistical Table 15 and Notes to Financial Statements.

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

(in thousands)

Fiscal Year	Electric Revenue Bonds						Water Revenue Bonds					
	Pledged Revenue <sup>1</sup>	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage	Pledged Revenue <sup>1</sup>	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2008	314,733	219,680	95,053	19,460	16,790	2.62	67,312	33,827	33,485	4,355	4,275	3.88
2009	320,447	202,904	117,543	20,572	24,941	2.58	60,886	35,639	25,247	4,473	6,728	2.25
2010	320,560	199,040	121,520	21,574	22,572	2.75	61,985	35,953	26,032	4,533	8,008	2.08
2011	319,177	212,878	106,299	23,029	25,087	2.21	84,328	35,220	49,108	4,799	9,263	3.49
2012	340,098	221,876	118,222	25,174	27,630	2.24	73,557	35,309	38,248	4,708	8,872	2.82
2013	348,187	226,997	121,190	18,486	25,941	2.73	72,700	35,940	36,760	5,395	8,700	2.61
2014	347,541	241,136	106,405	21,632	27,575	2.16	71,317	37,698	33,619	4,574	8,536	2.56
2015	348,244	250,578 *	97,666	15,485	26,532	2.32	66,010	36,725 *	29,285	5,258	8,342	2.15
2016	371,029	249,607 *	121,422	16,460	25,780	2.87	60,047	35,608 *	24,439	5,533	8,063	1.80
2017	368,956	251,998 *	116,958	14,032	25,553	2.95	65,689	37,956 *	27,733	5,486	8,124	2.04
2018	368,116	257,785 *	110,331	15,675	25,045	2.71	71,054	40,737 *	30,317	6,098	8,049	2.14
2019	374,510	279,394 *	95,116	16,449	26,017	2.24	69,965	44,547 *	25,418	6,362	8,780	1.68
Sewer Revenue Bonds												
Fiscal Year	Pledged Revenue <sup>1</sup>	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage						
				Principal	Interest							
2010	31,470	26,865	4,605	666	151	5.64						
2011	37,772	27,575	10,197	692	125	12.48						
2012	42,562	29,632	12,930	692	5,471	2.10						
2013	52,944	29,999	22,945	7,465	10,891	1.25						
2014	52,098	28,930	23,168	7,753	10,781	1.25						
2015	51,288	27,598	23,690	8,056	10,958	1.25						
2016	68,412	31,864	36,548	8,405	20,786	1.25						
2017	78,337	29,921	48,416	9,010	19,621	1.69						
2018	68,735	31,513	37,222	9,184	19,136	1.31						
2019	71,787	34,084	37,703	14,766	14,455	1.29						

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

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

\* Excludes non-cash pension expense

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

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

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<b>Calendar Year</b>	<b>Population <sup>1</sup></b>	<b>Personal Income <sup>2</sup> (in thousands)</b>	<b>Per Capita Personal Income <sup>2</sup></b>	<b>Unemployment Rate <sup>3</sup></b>
2009	300,769	6,592,294	21,918	13.7
2010	304,051	6,623,143	21,783	14.8
2011	308,511	6,811,923	22,080	13.7
2012	311,955	6,923,217	22,193	9.7
2013	314,034	6,909,376	22,002	8.4
2014	314,221	6,857,559	21,824	7.9
2015	324,696	6,953,323	21,414	6.4
2016	326,792	7,139,080	21,845	5.8
2017	325,860	7,349,024	22,552	5.1
2018	328,101	7,674,374	23,390	3.8

Sources:

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

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

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

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

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
County of Riverside	22,000	1	17.5%	6,395	2	4.1%
University of California	8,735	2	6.9%	6,470	1	4.2%
March Air Force Reserve	7,000	3	5.6%			
Kaiser	4,346	4	3.5%			
Riverside Unified School District	4,313	5	3.4%	3,867	3	2.5%
City of Riverside	2,485	6	2.0%	2,619	4	1.7%
Riverside Community Hospital	2,200	7	1.8%	1,600	7	1.0%
Riverside Community College District	2,100	8	1.7%	1,669	5	1.1%
Alvord Unified School District	1,898	9	1.5%	1,669	6	1.1%
California Baptist University	1,442	10	1.1%			
The Press Enterprise				1,090	8	0.7%
Parkview Community Hospital				900	9	0.6%
Goodrich Corpotation				500	10	0.3%
<b>Total</b>	<b>56,519</b>		<b>45.0%</b>	<b>26,779</b>		<b>17.3%</b>

Source: City of Riverside, Economic Development Department

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

<b>Function</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014<sup>1</sup></b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
General government	433.40	431.40	440.40	413.90	356.25	361.25	394.24	417.55	430.05	453.80
Public safety (sworn and non-sworn personnel)										
Police <sup>1</sup>	589.93	589.93	599.93	596.75	551.75	553.75	554.75	512.00	543.00	557.00
Fire	255.46	255.46	255.46	255.46	255.00	255.00	251.00	239.00	242.00	245.00
Highways and streets	349.50	348.11	357.11	362.11	333.48	308.00	308.00	272.00	273.00	271.00
Sanitation	59.00	56.00	56.00	57.00	59.00	57.00	59.00	59.00	59.00	59.00
Culture and recreation	328.07	328.07	341.22	351.48	269.98	274.45	286.75	276.23	276.98	276.07
Airport	7.00	9.50	9.50	9.50	6.00	6.00	6.00	7.00	7.00	7.00
Water	177.65	180.15	181.15	181.15	182.15	181.15	181.15	174.15	158.65	158.65
Electric	419.45	448.50	452.50	459.50	462.50	464.50	466.50	471.75	489.25	475.25
<b>Total</b>	<b>2,619.46</b>	<b>2,647.12</b>	<b>2,693.27</b>	<b>2,686.85</b>	<b>2,476.11</b>	<b>2,461.10</b>	<b>2,507.39</b>	<b>2,428.68</b>	<b>2,478.93</b>	<b>2,502.77</b>

<sup>1</sup> In fiscal year 2013/14 the City Council deleted a number of long-term unfunded positions.

Source: City of Riverside, Finance Department

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

<b>Function/Program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Police										
Arrests	8,690	8,118	7,736	8,362	9,321	10,310	9,242	8,358	8,423	8,295
Fire										
Number of calls answered	26,484	27,322	27,637	29,988	30,668	32,943	35,905	36,150	38,501	37,739
Inspections	7,234	6,505	10,074	10,151	12,476	8,770	6,636	6,482	6,519	5,584
Public works:										
Street resurfacing (miles)	20.00	21.25	18.43	16.50	35.38	38.75	39.01	27.09	17.37	16.50
Parks and recreation										
Number of recreation classes	27,762	37,303	43,318	41,364	45,707	43,007	53,907	53,308	54,025	54,069
Number of facility rentals	34,565	42,638	43,288	43,358	46,432	44,363	47,772	48,097	46,904	66,846
Water										
Number of accounts	64,231	64,349	64,367	64,591	64,829	65,102	65,094	65,428	65,640	65,803
Annual consumption (ccf)	26,687,271	25,902,439	27,062,142	28,186,178	28,887,304	26,007,490	22,529,463	25,340,729	27,514,374	25,827,721
Electric										
Number of accounts	106,335	106,855	107,321	107,525	108,358	108,388	108,776	109,274	109,619	110,480
Annual consumption (kwh)	2,089	2,016	2,103	2,193	2,152	2,167	2,170	2,197	2,195	2,150
Sewer:										
New connections	16,971	17,746	18,166	17,607	17,274	17,553	17,669	17,654	17,551	17,540
Average daily sewage treatment (millions of gallons)	33.29	30.06	29.84	29.57	28.49	27.15	26.35	27.19	26.16	26.86

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

N/A - not available

Source: City of Riverside, various departments



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

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Public Safety</b>										
Police										
Stations	3	3	3	3	3	3	3	3	3	3
Substations	4	4	4	4	4	4	4	5	4	5
Helicopters	4	4	4	4	3	3	3	3	2	2
Airplane	0	0	0	0	0	0	0	0	1	1
Fire										
Stations	14	14	14	14	14	14	14	14	14	14
Active apparatus	30	26	27	28	28	31	33	32	33	55
Reserve apparatus	7	9	9	11	11	8	9	9	9	13
Training facilities	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	867.96	868.39	868.70	868.89	871.19	872.16	872.22	872.01	872.24	872.10
Streetlights	29,757	29,868	29,933	29,949	29,968	29,986	30,427	30,467	30,479	30,445
Signalized intersections	362	362	365	365	367	386	381	382	384	392
Culture and recreation										
Parks acreage	2,773.00	2,811.00	2,811.00	2,891.00	2,911.80	2,926.80	2,983.00	2,983.00	2,988.00	2,988.00
Community centers	11	11	11	11	11	11	11	11	11	11
Playgrounds	41	41	41	43	44	44	46	46	46	46
Swimming pools	7	7	7	7	7	7	7	7	7	7
Softball & baseball diamonds	44	44	44	44	44	44	44	44	44	44
Library branches	7	8	8	8	8	8	8	8	8	8
Museum exhibit-fixed	5	8	5	3	3	4	5	5	0 <sup>1</sup>	1 <sup>1</sup>
Museum exhibit-special	2	2	1	4	4	5	6	6	1 <sup>1</sup>	4 <sup>1</sup>
Water										
Fire hydrants	7,593	7,632	7,682	7,726	7,754	7,758	7,908	7,952	8,173	8,192
Sewer										
Sanitary sewers (miles)	820	823	829	829	829	820	829	827	820	820
Electric										
Miles of overhead distribution system	519.0	517.0	515.0	513.0	513.0	513.0	513.0	513.0	514.0	514.0
Miles of underground system	782.0	791.0	804.0	810.0	814.0	815.0	817.0	826.0	831.0	834.0

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

Source: City of Riverside, various departments





*City of Arts & Innovation*

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