

Report from Outside Independent Auditors for Fiscal Year 2017-2018

Finance Department

Finance Committee
December 12, 2018

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AUDITOR'S REPORT ON FINANCIAL STATEMENTS

1. Unmodified Opinions (Clean Opinions)
 - ✓ Financial statements are presented fairly in accordance with accounting principals generally accepted in the United States of America.



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AUDIT FINDINGS OPINION REPORTS

No Management Letter Comments, Findings, or Adjustments

- ✓ Comprehensive Annual Financial Report (CAFR)
- ✓ Electric and Water Financial Reports
- ✓ Single Audit Report
- ✓ Successor Agency Financial Report
- ✓ Riverside Public Financing Authority Financial Report
- ✓ Air Quality Management District (AQMD)



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RIVERSIDE PUBLIC UTILITIES Unrestricted, Undesignated Cash Reserves

	Electric	Water
Beginning Balance – 7/1/2017	\$175 M	\$35 M
Ending Balance – 6/30/2018	\$173 M	\$37 M
Minimum Reserve Level – 6/30/2018	\$128 M	\$38 M
Maximum Reserve Level – 6/30/2018	\$203 M	\$60 M
Met Policy Requirements	✓	✗

Water Fund's unrestricted, undesignated reserve balance at 6/30/2018 is slightly below target minimum which is consistent with projections provided during the biennial budget and rate plan proposal processes.



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RIVERSIDE PUBLIC UTILITIES Unrestricted, Undesignated Cash Reserves

Per RPU Cash Reserve Policy:

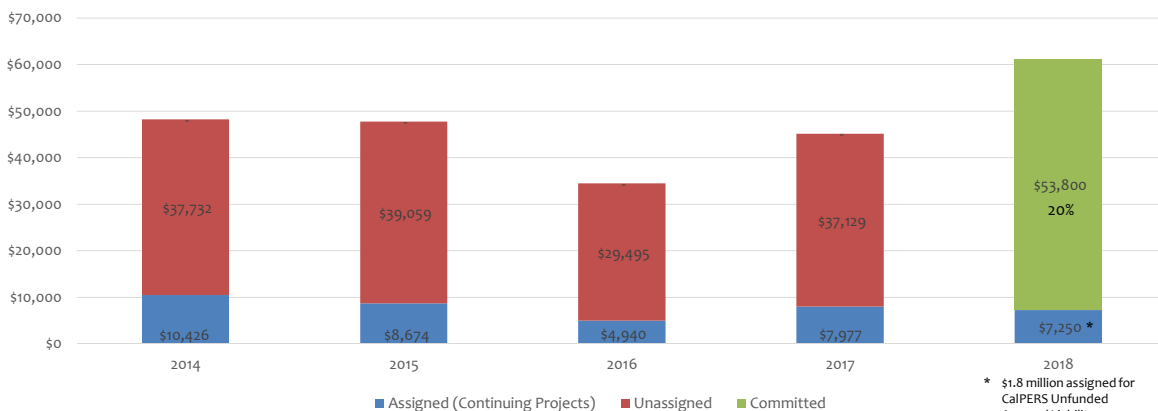
Should RPU draw down reserves below the minimum targeted level, RPU will implement plans to return reserves to their minimum targeted levels within three years. Such plans will be provided within twelve (12) months.

The Water Fund reserve balance is expected to be within the minimum and maximum level by 6/30/2019 with the establishment of a line of credit, as planned with the approved rate plan.



GENERAL FUND RESERVES

General Fund Reserves (Excludes Measure Z Fund)
Amounts expressed in thousands

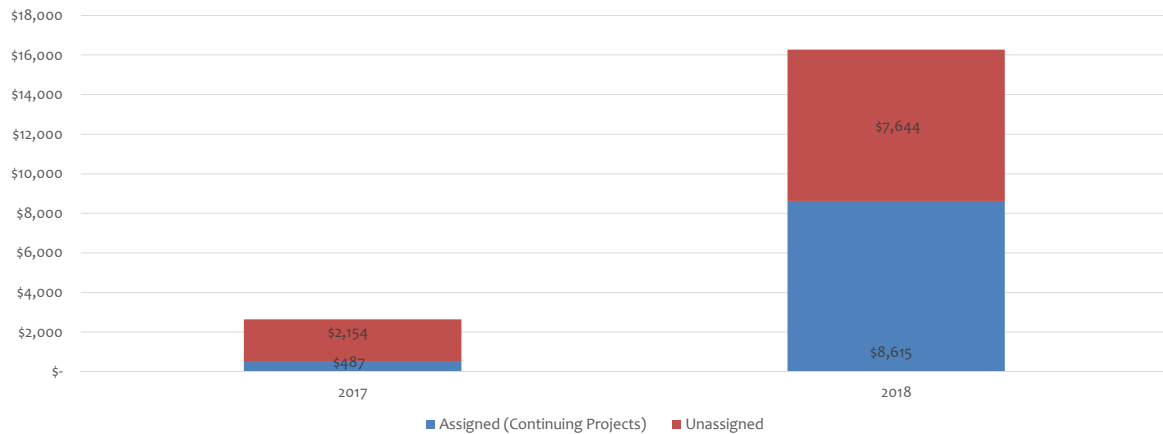


* \$1.8 million assigned for CalPERS Unfunded Accrued Liability
* \$2.7 million assigned for carryovers (discretionary)



MEASURE Z RESERVES

Amounts expressed in thousands



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WHAT'S NEW

General Fund restructuring to provide greater transparency

1. Civic Entertainment Fund established (Enterprise Fund)

A. Convention Center activity

- 1) Riverside Convention Center
- 2) Riverside Convention and Visitors Bureau
- 3) Riverside Sports Commission

B. Fox Performing Arts Center

C. Riverside Municipal Auditorium

D. The Box & Showcase



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WHAT'S NEW (Continued)

1. Special Districts Fund established (Special Revenue Fund)
 - A. Loving Homes District
 - B. Village at Canyon Crest District
 - C. Sycamore Highlands District
 - D. Riverwalk District
 - E. Riverwalk Parks Projects District
 - F. Street Lighting District



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WHAT'S NEW (Continued)

1. Pension Obligation Bonds
 - A. The 2015 and 2017 Taxable Pension Obligation Bonds were allocated to the appropriate funds to properly reflect their proportional share of the obligation; the result of which eliminated previously recorded Advances in the General Fund.
2. Debt Restructuring
 - A. Debt related expenditures, previously recorded directly in the General Fund, are now reflected with all other General Fund debt in the Debt Service Fund. The General Fund's proportional share of the debt service expenditures are now reflected as a transfer to the Debt Service Fund.



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UPCOMING CHANGES IN FY 2018-2019

Continually improve our financial transparency

1. Grants Fund (Special Revenue Fund)
 - A. Self-supporting activities
2. Debt Restructuring (Part II)
 - A. Continue to allocate any remaining debt to the appropriate funds to properly reflect their proportional share of obligations.



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POPULAR ANNUAL FINANCIAL REPORT (PAFR)

1. Received our 1st PAFR Award from GFOA for FY 2016-17
2. Extracted information from the CAFR
3. Designed to be easily understandable to the general public
4. Intended for those without a background in public finance



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RECOMMENDATIONS

That the Finance Committee receive, provide input on and forward to the City Council the annual financial audit reports for fiscal year 2017-2018.

