

RPU'S 2021 ANNUAL AUDIT REPORT & FINANCIAL RESULTS

Board of Public Utilities
January 10, 2022

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INDEPENDENT AUDITORS' REPORT HIGHLIGHTS

Independent Audit by Lance Soll & Lunghard (LSL)

- a. Unmodified (clean) opinions
- b. No management letter comments or findings
- c. No audit adjustments proposed or passed

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FINANCIAL HIGHLIGHTS

June 30, 2021 (Audited)

	Electric	Water
Net Retail Revenues	\$318.4 M	\$70.8 M
Capital Improvements	\$39.1 M	\$16.5 M
General Fund Transfer	\$39.9 M	\$7.0 M
Financial Metrics		
Operating Ratio	80.8%	56.9%
Unrestricted Current Ratio	10.3	5.5
Debt to Total Asset Ratio	53.1%	47.5%
Debt Service Coverage Ratio	1.99	2.25
Ratings		
Fitch	AA-	AA+
Moody's	-	Aa2
S&P Global Ratings	AA-	AAA

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UNDESIGNATED CASH RESERVES

June 30, 2021 (Audited)

	Electric	Water
Beginning Balance – 7/1/2020	\$193 M	\$29 M
Ending Balance – 6/30/2021	\$177 M	\$34 M
Available Line of Credit (LOC)	\$35 M	\$25 M
Minimum Reserve Level – 6/30/2021	\$139 M	\$42 M
Maximum Reserve Level – 6/30/2021	\$219 M	\$65 M
Met Policy Requirements	✓	✓

Water Fund's undesignated reserve balance combined with the line of credit (LOC) in compliance with RPU Cash Reserve Policy, at 6/30/2021 is above target minimum which is consistent with projections provided during the biennial budget and rate plan proposal processes. The LOC provides flexibility and operating liquidity similar to cash reserve allowing the Water Fund to maintain compliance with RPU Cash Reserve Policy.

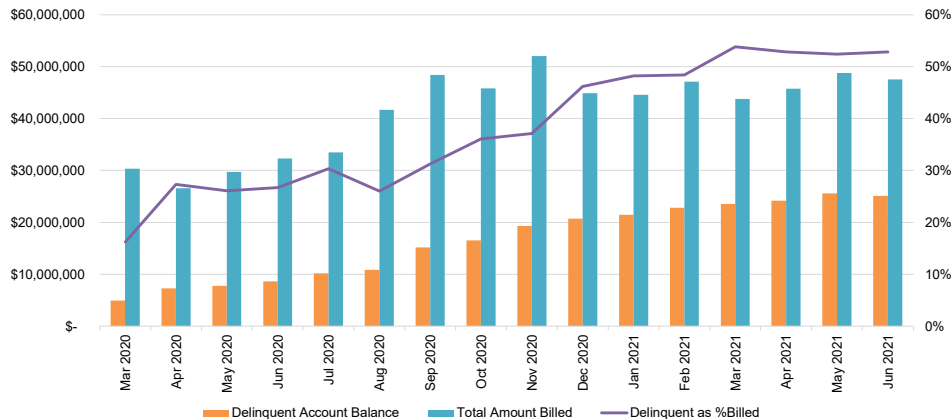
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ACCOUNTS RECEIVABLE – ALL SERVICES

Total Accounts Receivable (A/R) Comparison as of June 30, 2021



Notes:

- Balances have increased since COVID-19 and the City Council's action to suspend utility shut-offs for non-payment. Receivables in the chart include Utility User Tax and surcharges.
 - RPU applied for the California Water and Wastewater Arrearages Payment Program (CWAPP) and the California Arrearage Payment Program (CAPP) to receive funding on behalf of residential and commercial water customers with delinquencies during the COVID-19 period from March 4, 2020 through June 15, 2021. RPU has submitted the CWAPP and CAPP applications for an estimated \$2.1M and \$11.1M, respectively.

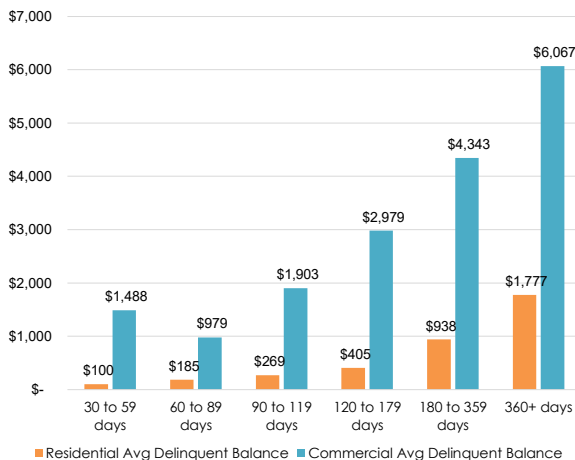
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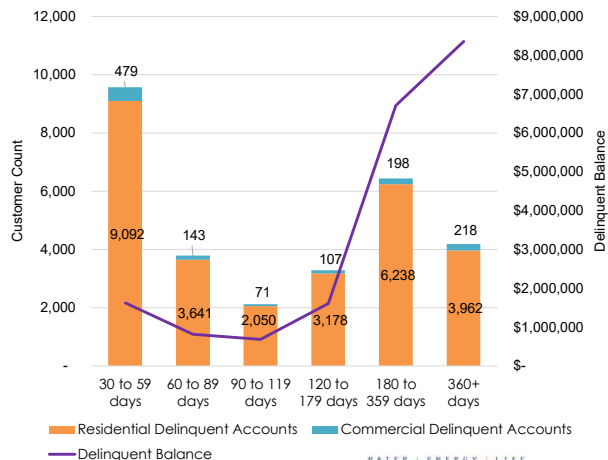
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DELINQUENCIES - ALL SERVICES

Average Account Delinquent Balance Based on the Oldest Unpaid Bill as of June 30, 2021



Delinquent Active Accounts Receivable Customers as of June 30, 2021

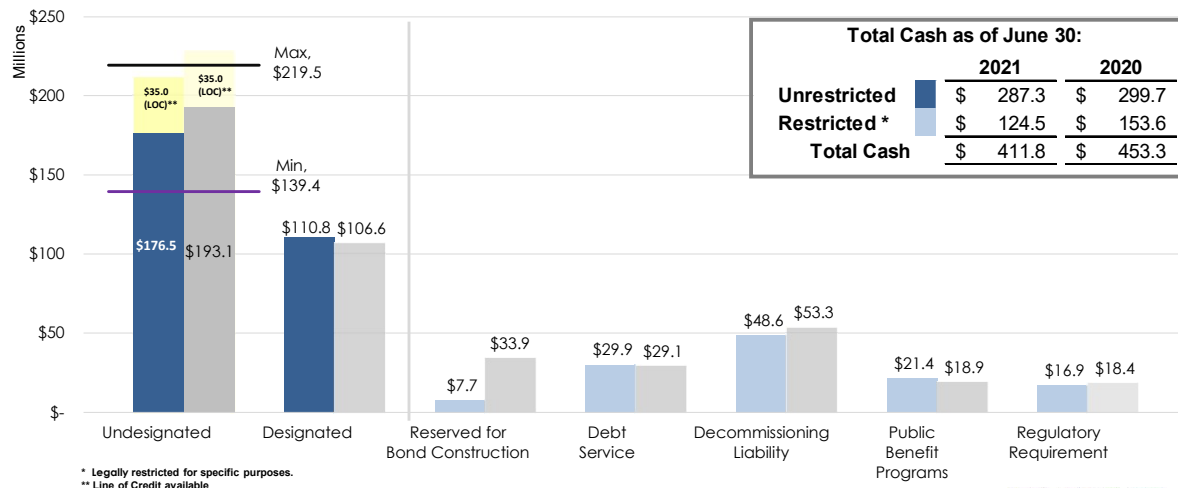


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Electric Utility - June 30, 2021 (Audited)

CASH BALANCE

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Electric Utility - June 30, 2021 (Audited)

DESIGNATED RESERVES

In Millions	June 30, 2021	June 30, 2020
Customer Deposits	\$5.2	\$4.8
Capital Repair and Replacement	4.6	5.6
Electric Reliability	81.8	79.1
Mission Square Improvement	1.1	1.8
Additional Decommissioning Liability	13.8	11.7
Dark Fiber	4.3	3.6
Total	\$110.8	\$106.6

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Electric Utility - June 30, 2021 (Audited)

CONDENSED STATEMENT OF CHANGES IN NET POSITION

	2021	2020	2019
Revenues:			
Retail sales, net	\$ 318,373	\$ 308,823	\$ 304,172
Wholesale sales	27	-	344
Transmission revenues	32,316	34,817	35,730
Investment income	496	14,032	13,372
Other revenues	18,995	15,845	17,397
Public Benefit Programs	9,252	9,478	9,292
Capital contributions	5,059	9,492	6,383
Total revenues	\$ 384,518	\$ 392,487	\$ 386,690



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Electric Utility - June 30, 2021 (Audited)

CONDENSED STATEMENT OF CHANGES IN NET POSITION

	2021	2020	2019
Expenses:			
Production and purchased power	\$ 163,908	\$ 157,540	\$ 155,264
Transmission	59,770	58,830	64,443
Distribution	70,479	64,546	58,729
Public Benefit Programs	6,419	6,440	8,933
Depreciation	35,654	35,151	34,471
Interest expenses and fiscal charges	25,901	26,269	25,053
Total expenses	\$ 362,131	\$ 348,776	\$ 346,893
Transfers to the City's general fund	\$ (39,899)	\$ (39,558)	\$ (39,886)



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Electric Utility - June 30, 2021 (Audited)

CONDENSED STATEMENT OF CHANGES IN NET POSITION

	2021	2020	2019
Changes in net position	\$ (17,512)	\$ 4,153	\$ (89)
Net position, July 1, as previously reported	514,885	510,732	505,412
Less: Cumulative effect of change in accounting principle ⁽¹⁾	-	-	5,409
Net position, July 1, as restated	514,885	510,732	510,821
Net position, June 30	\$ 497,373	\$ 514,885	\$ 510,732

⁽¹⁾ For the restatement of pension allocation, GASB Statement No. 68, for the year ended June 30, 2019.

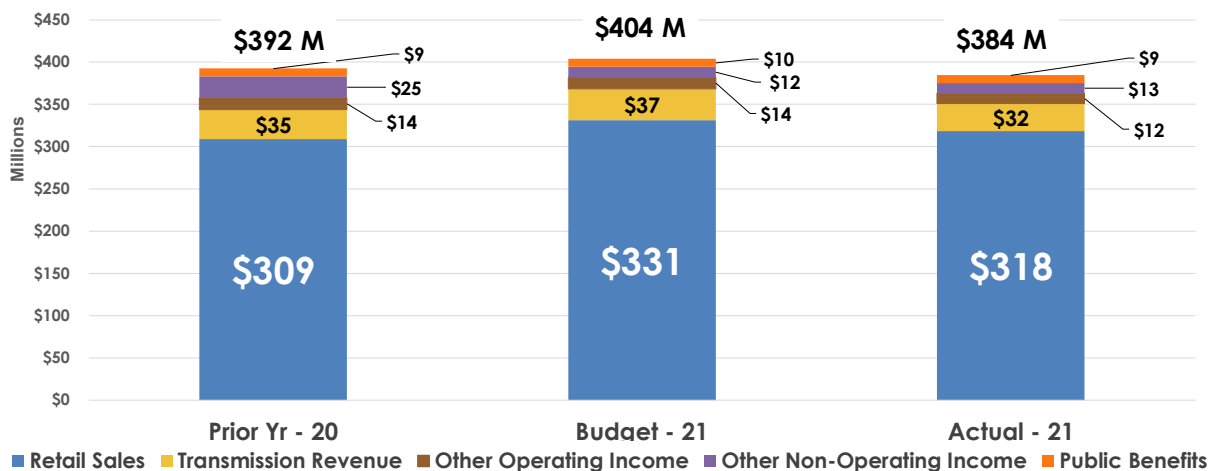
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Electric Utility - June 30, 2021 (Audited)

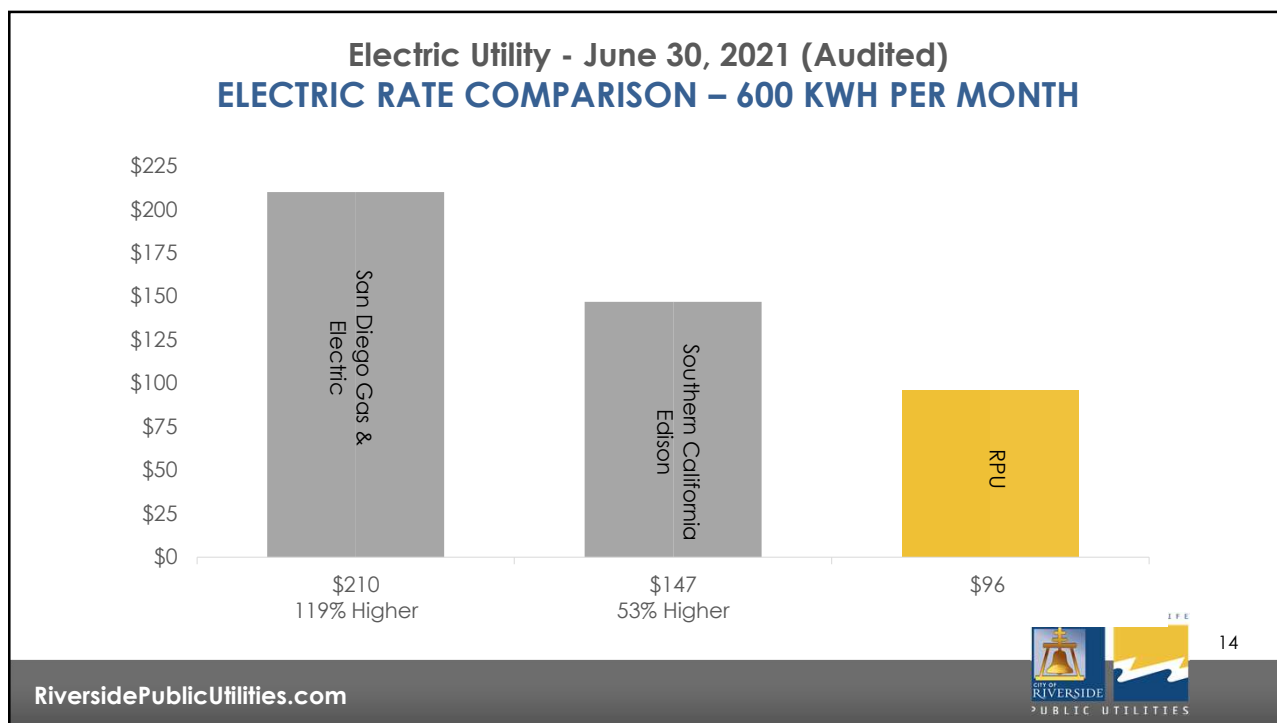
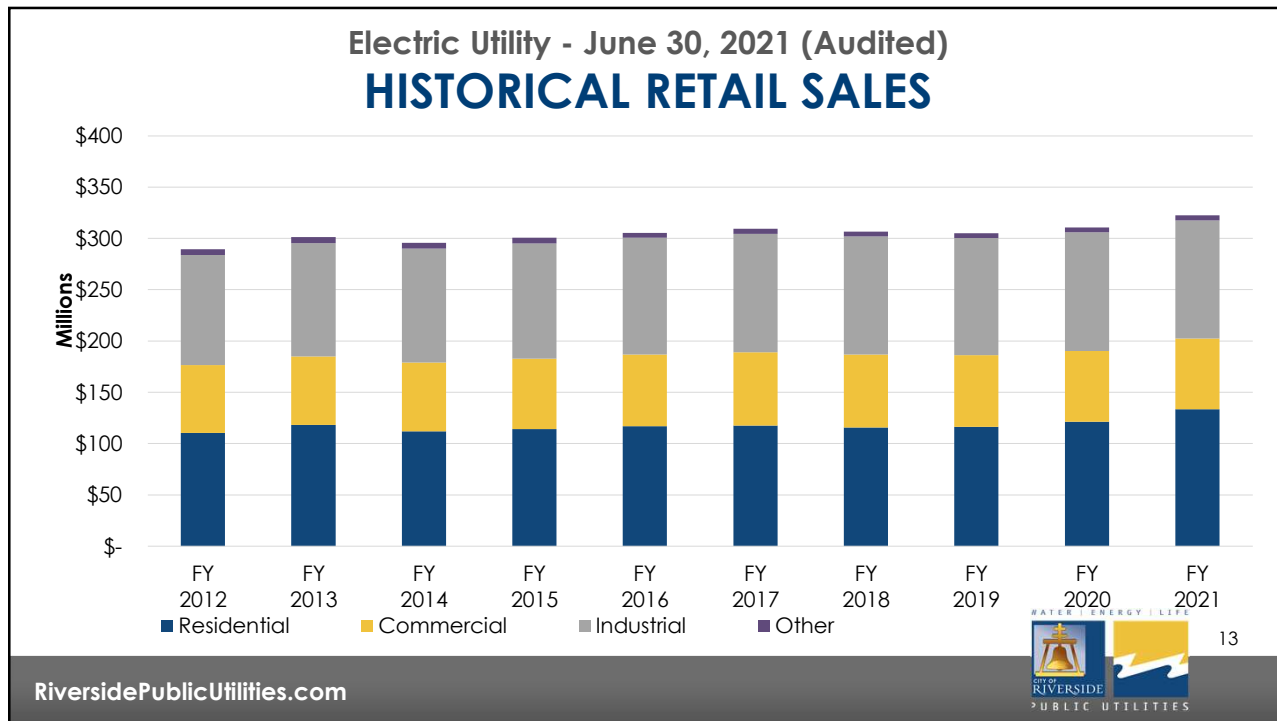
TOTAL REVENUES COMPARISON

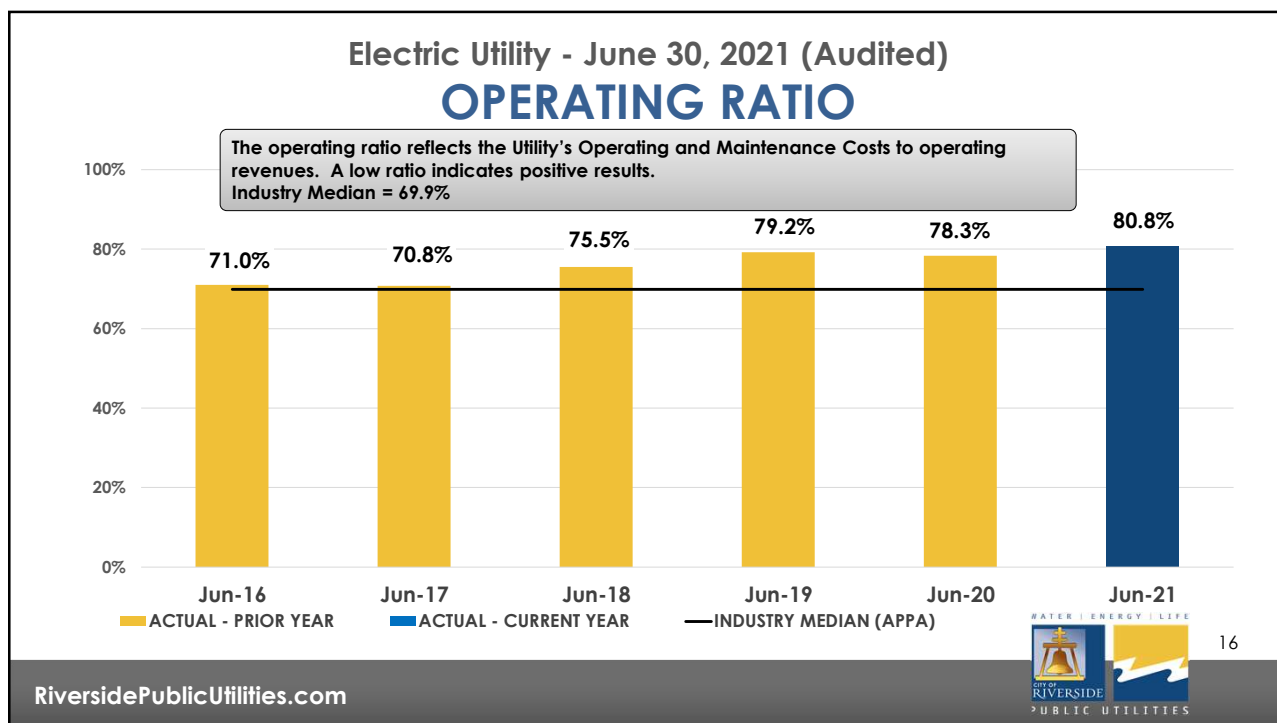
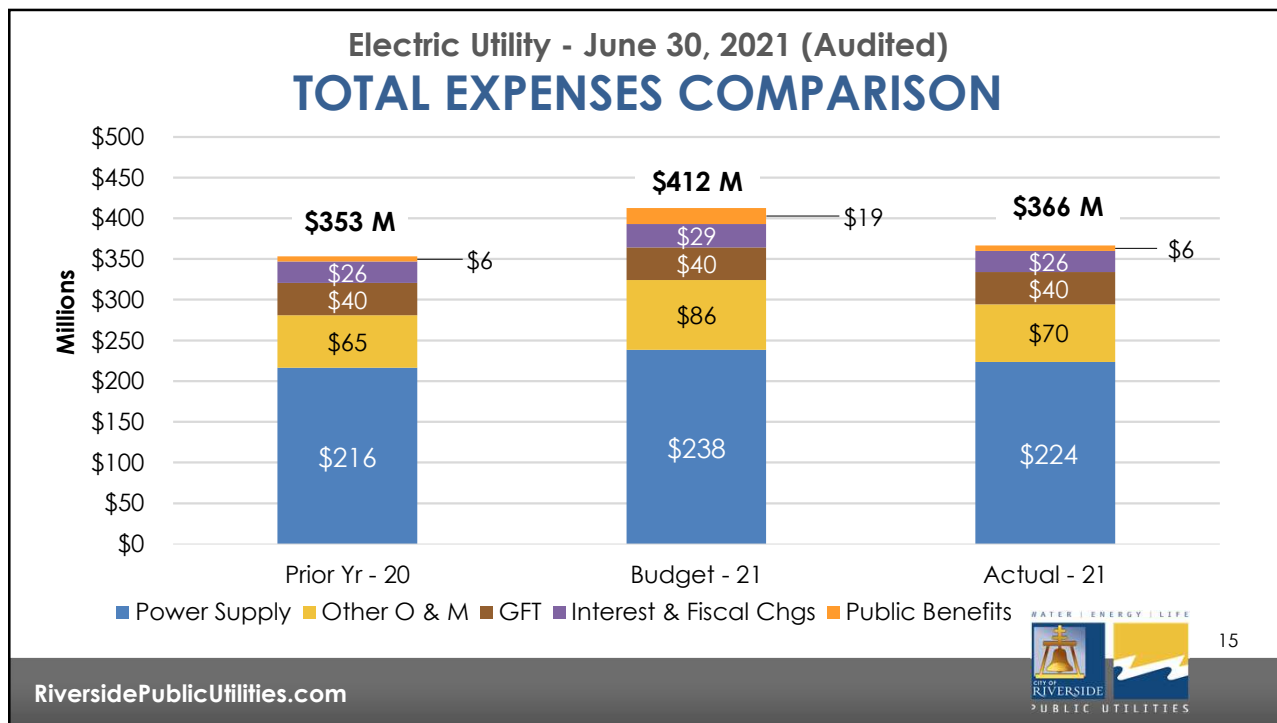


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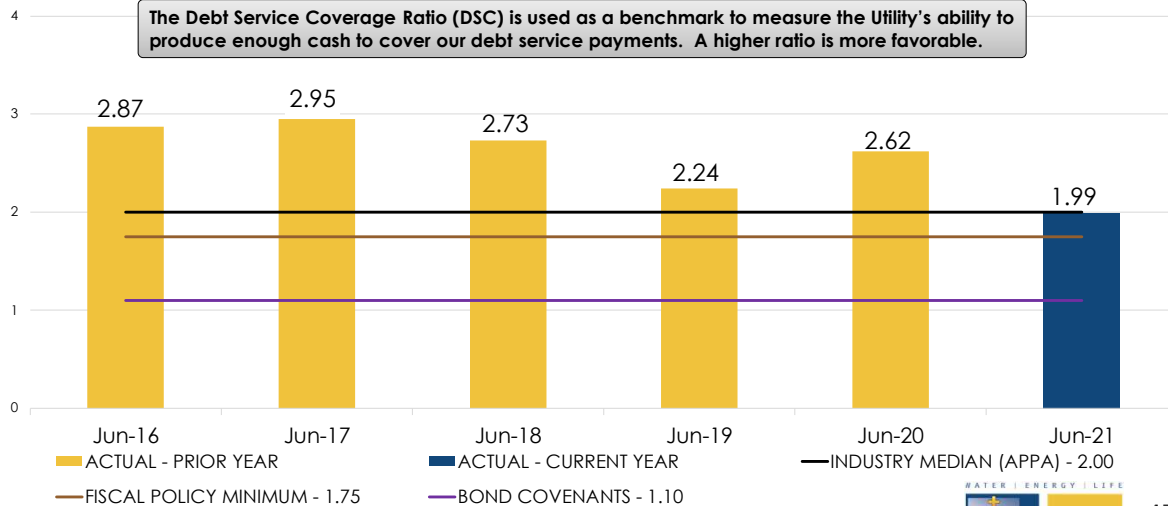
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Electric Utility - June 30, 2021 (Audited)

DEBT SERVICE COVERAGE RATIO



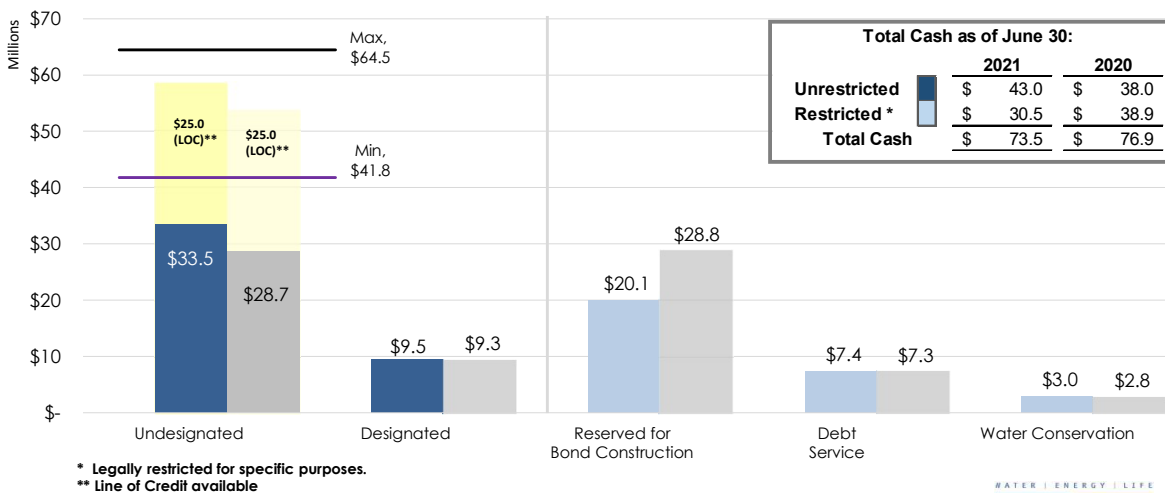
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Water Utility - June 30, 2021 (Audited)

CASH BALANCE



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Water Utility - June 30, 2021 (Audited)

DESIGNATED RESERVES

In Millions	June 30, 2021	June 30, 2020
Customer Deposits	\$0.8	\$0.7
Capital Repair and Replacement	2.3	2.3
Recycled Water	1.2	1.1
Property	5.2	5.2
Total	\$9.5	\$9.3



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Water Utility - June 30, 2021 (Audited)

CONDENSED STATEMENT OF CHANGES IN NET POSITION

	2021	2020	2019
Revenues:			
Retail sales, net	\$ 70,847	\$ 61,683	\$ 57,605
Other revenues	12,532	10,862	10,530
Investment (loss) income	(1)	2,073	2,044
Capital contributions	3,062	3,129	3,119
Total revenues	<u>\$ 86,440</u>	<u>\$ 77,747</u>	<u>\$ 73,298</u>



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Water Utility - June 30, 2021 (Audited)
**CONDENSED STATEMENT OF CHANGES IN NET
POSITION**

	2021	2020	2019
Expenses:			
Operations and maintenance	\$ 39,143	\$ 41,845	\$ 39,217
Purchased energy	6,523	5,583	5,748
Depreciation	16,346	16,010	15,450
Interest expenses and fiscal charges	9,731	9,857	10,412
Total expenses	<u>\$ 71,743</u>	<u>\$ 73,295</u>	<u>\$ 70,827</u>
Transfers:			
Transfers to the City's general fund	<u>\$ (6,972)</u>	<u>\$ (6,518)</u>	<u>\$ (6,584)</u>

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Water Utility - June 30, 2021 (Audited)
**CONDENSED STATEMENT OF CHANGES IN NET
POSITION**

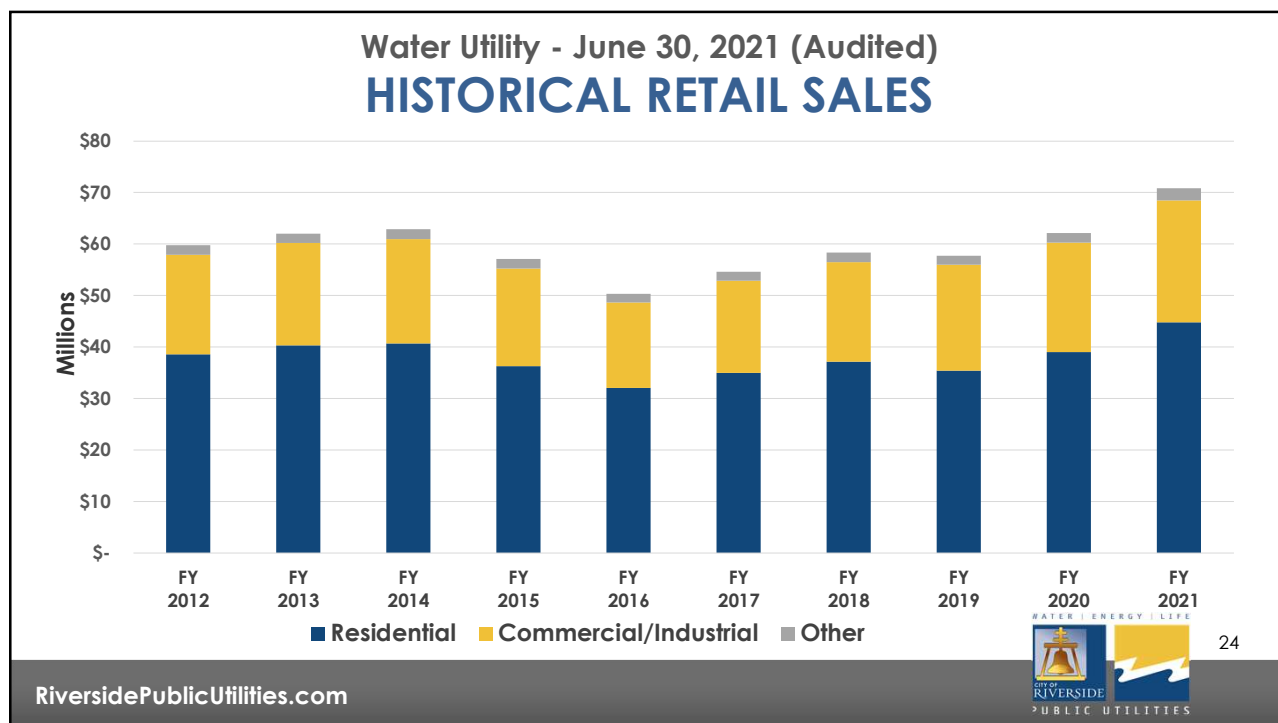
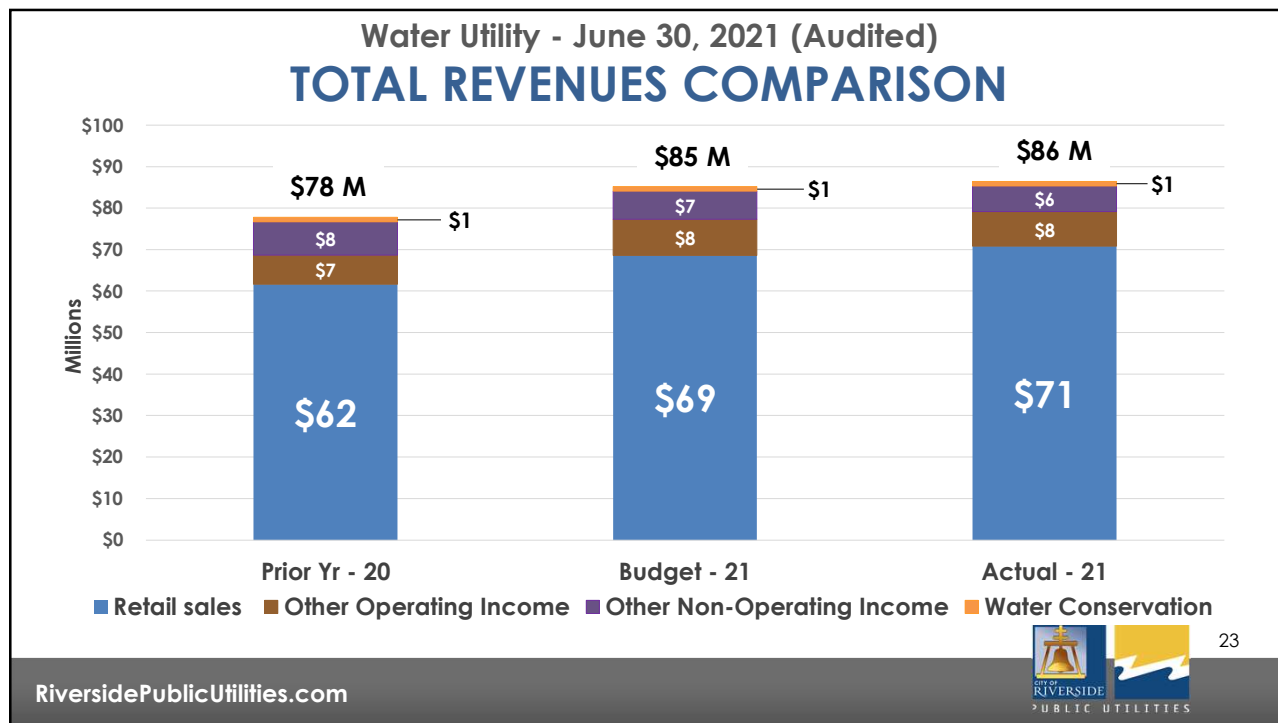
	2021	2020	2019
Changes in net position	\$ 7,725	\$ (2,066)	\$ (4,113)
Net position, July 1, as previously reported	300,635	302,701	305,078
Less: Cumulative effect of change in accounting principle ⁽¹⁾	-	-	1,736
Net position, July 1, as restated	300,635	302,701	306,814
Net position, June 30	<u>\$ 308,360</u>	<u>\$ 300,635</u>	<u>\$ 302,701</u>

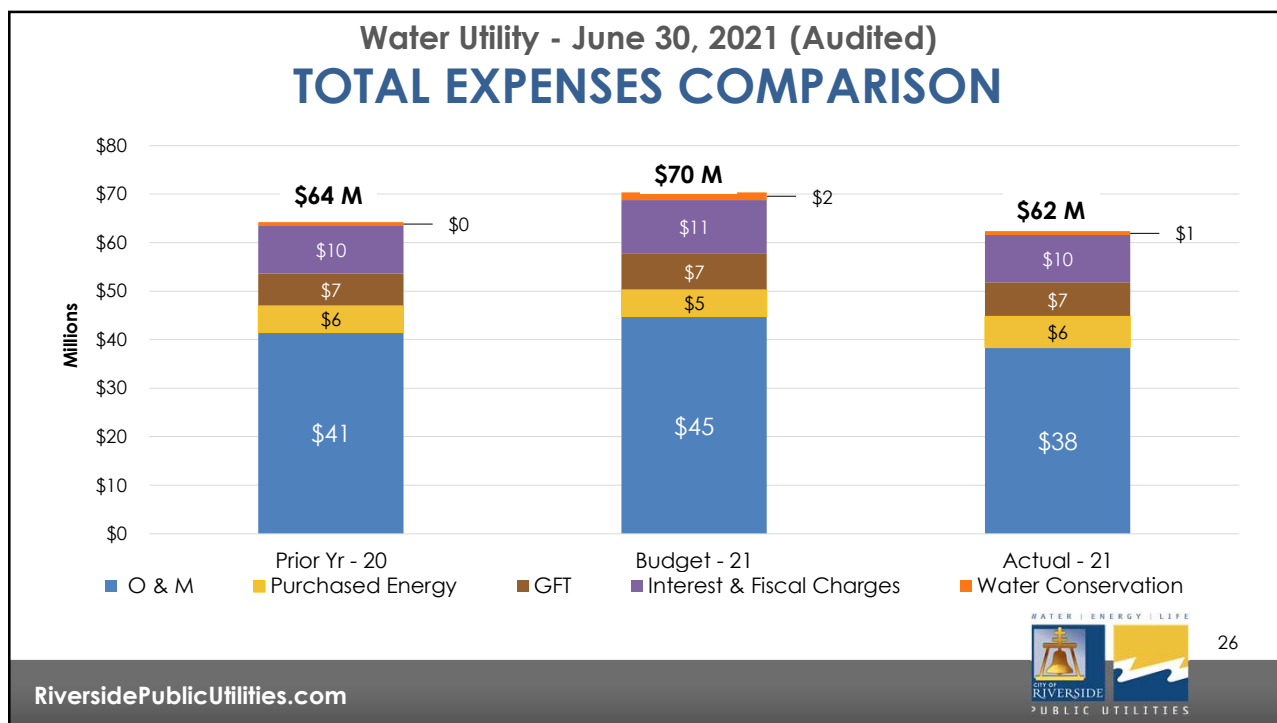
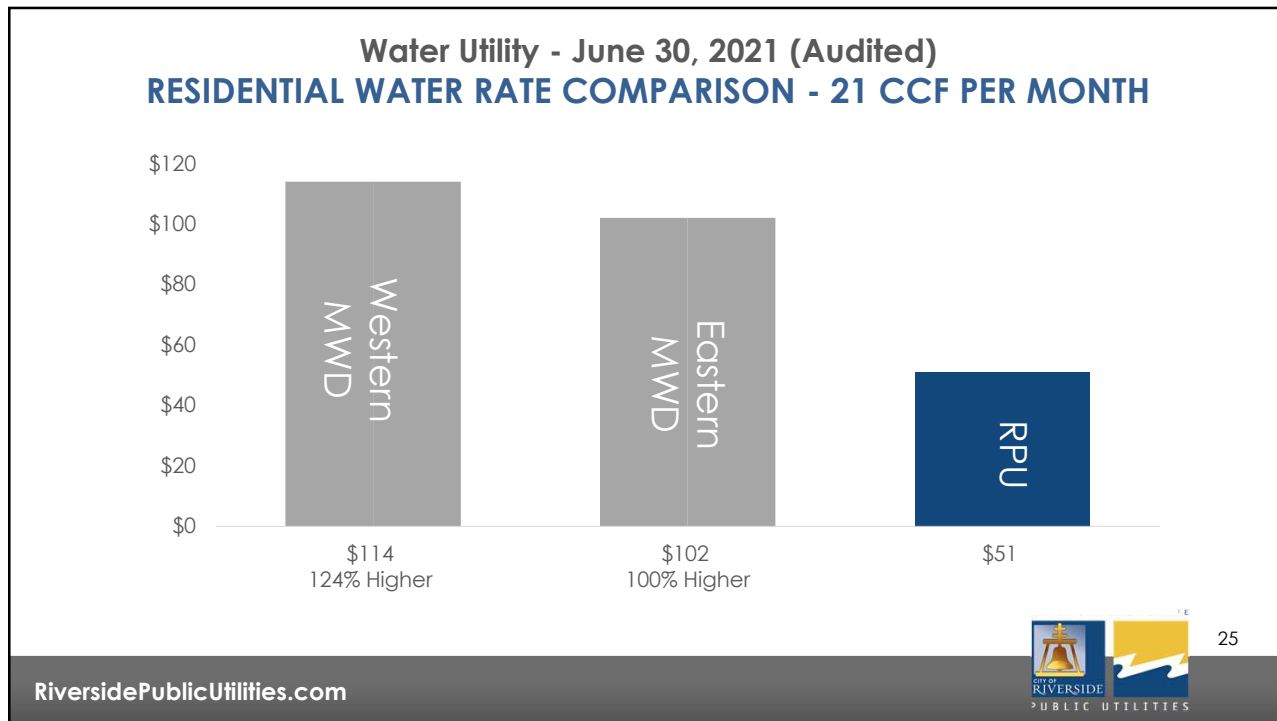
⁽¹⁾ For the restatement of pension allocation, GASB Statement No. 68, for the year ended June 30, 2019.

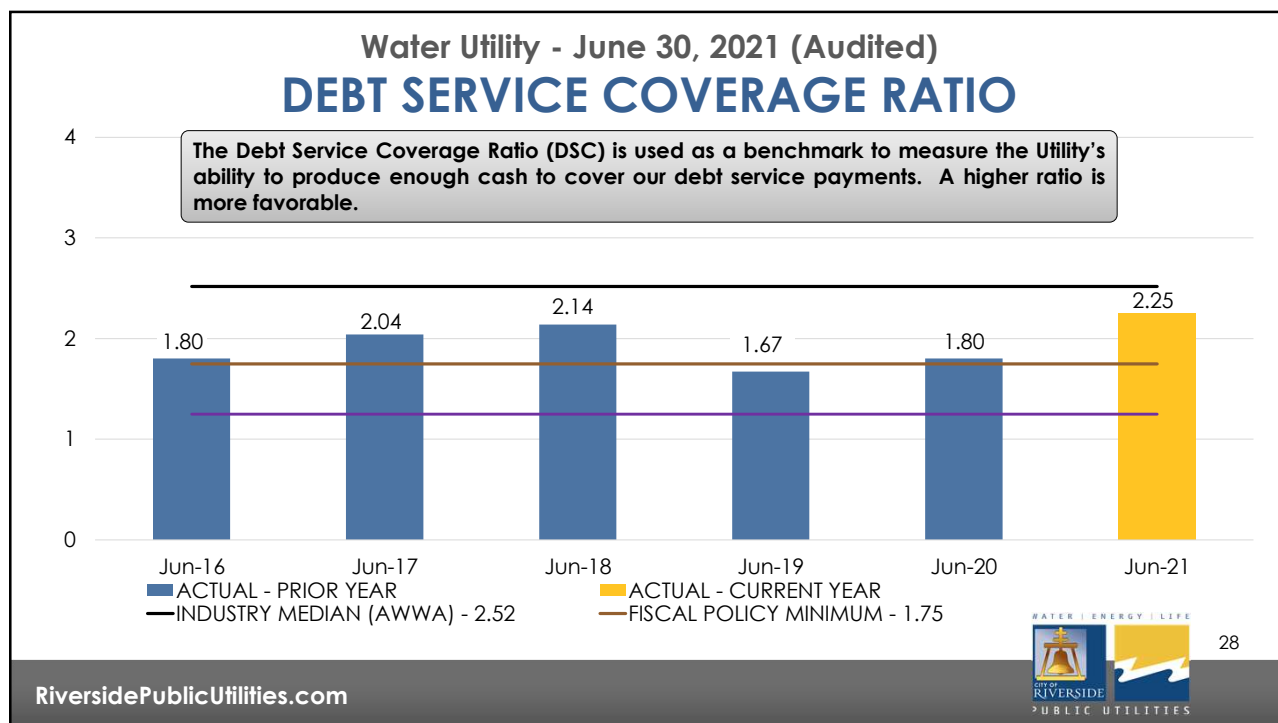
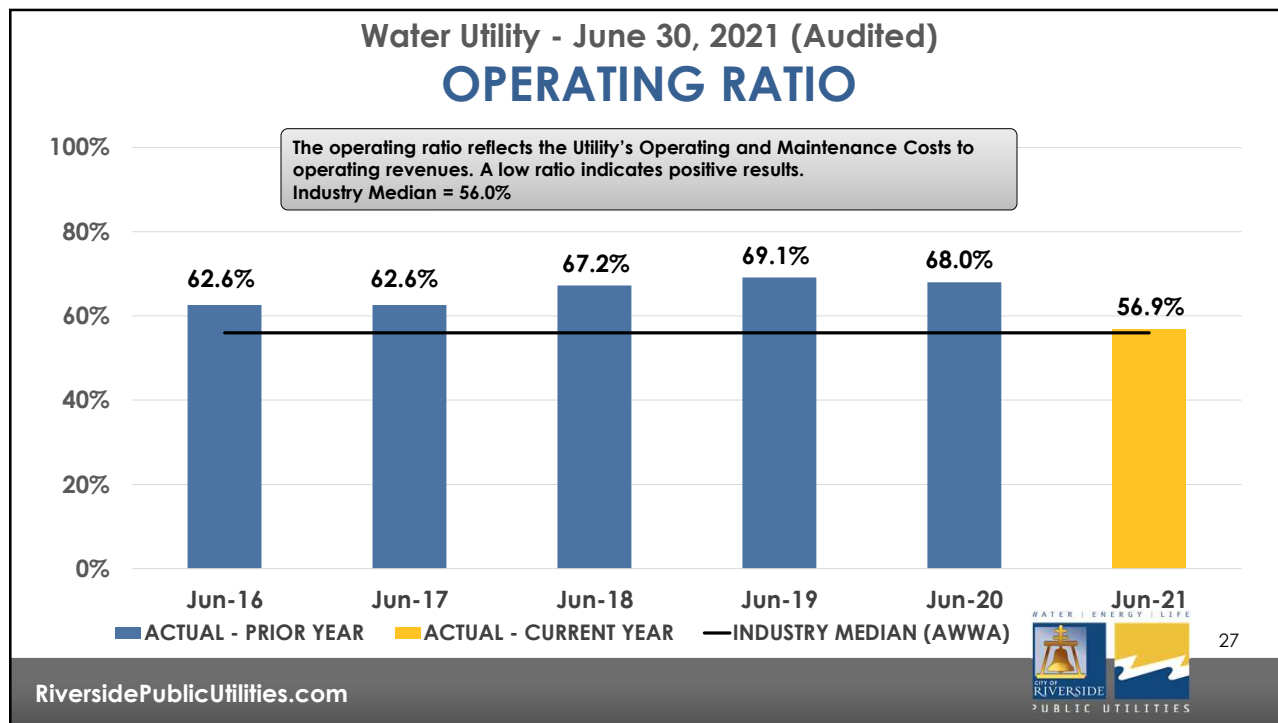
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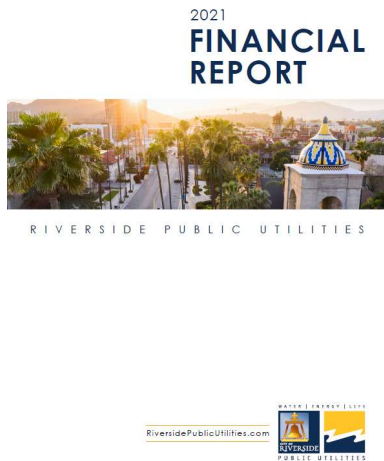
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2021 ANNUAL REPORT



Full report will be published on the City's Website after the ACFR is presented to City Council at <https://riversideca.gov/utilities/about-rpu/annual-reports.asp>

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STRATEGIC PLAN ALIGNMENT

Strategic Priority No. 5 High Performing Government

Goal 5.4: Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation

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RECOMMENDATION

That the Board of Public Utilities receive and file the Riverside Public Utilities 2021 Annual Audit Report and Financial Results.