

Arts & Innovation



R I V E R S I D E P U B L I C U T I L I T I E S

PRELIMINARY
YEAR-END FINANCIAL REPORT

June 30, 2015

(UNAUDITED)

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**PRELIMINARY JUNE FINANCIAL REPORT (UNAUDITED)
EXECUTIVE SUMMARY**

BACKGROUND:

These financial statements provide the Public Utilities Board with information about the operating performance and financial condition of Riverside Public Utilities (Utility). The Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows are presented in the Annual Report format. The Income Statement Analysis schedule which displays the relationship between revenues, expenses and the budget is also included. Each quarter, this analysis compares current year activity to the budget and the prior year. Attached is a PowerPoint graphic presentation of the unaudited financial results for the fiscal year ended June 30, 2015.

The Utility implemented new financial accounting standards, Governmental Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68), and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, that establishes new financial reporting requirements for state and local governments. The standards require employers to report expanded information concerning pensions in the financial statements, as well as their share of pension plan costs and obligations, including the recognition of long-term obligation for pension benefits as a liability for the first time. These requirements resulted in the recognition of net pension liability, deferred inflows and outflows of resources related to pension and the elimination of net pension asset of \$11.5 million and \$4.9 million for the Electric and Water Utilities, respectively, on the Statement of Net Position as of July 1, 2014. Fiscal year ended June 30, 2015 financial statements have been changed to reflect the new reporting requirements including the restatement of net position as of July 1, 2014. A restatement of fiscal year June 30, 2014 financial statements was not made due to the information necessary for the restatement not being readily available.

Electric Utility: Comparison to prior year

Retail sales were \$300.6 million and were \$4.8 million (1.6%) higher than prior year due to a slight increase in load as a result of warmer weather patterns in the fall compared to prior year. (Graphs A-2 and A-5)

Transmission revenue of \$30.6 million was \$2.0 million (6.3%) lower than prior year due to a lower revised access charge rate applied by the California Independent System Operator (CAISO). (Page 3)

Power supply costs of \$197.6 million were \$8.1 million (4.3%) higher than prior year primarily due to \$6.1 million recognition of the regulatory asset related to SONGS replacement power associated with the shutdown of SONGS Units 2 and 3 as an expense. (Graph A-3)

Distribution operating expenses of \$50.4 million are \$1.2 million lower than prior year primarily due to a \$2.6 million decrease in pension expense as a result of the GASB 68 implementation offset by an increase in general operating expenses. (Graph A-4)

Total cash balances of \$408.8 million decreased by \$6.4 million primarily due to the use of bond proceeds for capital projects offset by positive operating results. (Graph A-6)

Utility plant assets increased by \$11.0 million primarily due to the completion of significant capital projects such as technology upgrades, the Harvey Lynn Substation project, and the electronic security monitoring and access control project offset by current year depreciation. (Page 4)

Regulatory assets decreased by \$6.6 million primarily due to the recognition of SONGS replacement power costs as an expense. (Page 4)

Deferred outflows and inflows of resources related to pension increased by \$11.5 million and \$20.7 million, respectively, due to the implementation of GASB 68. (Pages 4 and 5)

Total net position decreased by \$85.2 million primarily attributable to the prior period adjustment of \$95.0 million to record the net pension liability as part of the implementation of GASB 68. (Page 5)

Long-term obligations, including the current portion, decreased by \$16.1 million primarily due to principal payments made and amortization of bond premiums. (Page 5)

Net pension liability increased by \$71.8 million due to the implementation of GASB 68. (Page 5)

Electric Utility: Comparison to budget

Retail sales were \$3.0 million (1.0%) lower than budget due to lower anticipated consumption as a result of milder weather than normal in the last quarter of the fiscal year. (Graphs A-2 and A-5)

Power supply costs were \$16.3 million (7.6%) lower than budget primarily due to lower than anticipated transmission costs, lower generation costs as a result of a decline in natural gas prices, and a decrease in SONGS ongoing maintenance costs. (Graph A-3)

Distribution operating expenses were \$12.5 million (19.9%) below anticipated levels primarily due to savings in personnel costs, professional services, and other general operating expenses. (Graph A-4)

With 100% of the year completed, the Electric Utility spent 89% of its authorized operating budget. (Page 3)

Electric Utility: Overall financial condition

Comparative financial ratios are shown in Graphs A-8 through A-11. Overall, the Electric Utility financial metrics are stable and liquidity levels are strong.

Water Utility: Comparison to prior year

Retail sales of \$57.1 million were \$5.7 million (9.1%) lower than prior year due to a 10% decrease in consumption as a result of water conservation measures enacted due to current drought conditions. (Graphs A-13 and A-15)

Distribution operating expenses of \$35.8 million are \$1.9 million (5.1%) lower than prior year due to a \$0.9 million decrease in pension expense as a result of the GASB 68 implementation and a decrease in general operating expenses. (Graph A-14)

Water Conservation Programs revenue increased by \$3.4 million due to reimbursements from Western Municipal Water District (WMWD) for its turf removal program. Additionally, Water Conservation Programs expenses increased by \$4.6 million of which \$3.5 million were reimbursable by WMWD. (Page 10)

Total cash balances of \$89.9 million decreased by \$15.2 million primarily due to the use of bond proceeds and operating reserves for capital projects, offset by an increase in recycled water reserves resulting from the receipt of \$3.3 million from the second of three payments from a settlement agreement from the City. (Graph A-16)

Utility plant assets increased by \$14.5 million due to the completion of main replacements, distribution system assets, and facility rehabilitation projects offset by current year depreciation. (Page 11)

Other receivables, including the current portion, decreased by \$3.3 million, reflecting the second of three annual payments received in June 2015 from the settlement agreement against the City. The funds received, reduced by related legal costs, have been set aside in an internally restricted account reserved for recycled water projects. (Pages 11, 12 and 15)

Deferred outflows and inflows of resources related to pension increased by \$4.2 million and \$7.5 million, respectively, due to the implementation of GASB 68. (Pages 11 and 12)

Total net position decreased by \$30.0 million primarily attributable to the prior period adjustment of \$35.2 million to record the net pension liability as part of the implementation of GASB 68. (Page 12)

Long-term obligations, including the current portion, decreased by \$5.5 million due to principal payments made on outstanding debt. (Page 12)

Net pension liability increased by \$26.0 million primarily due to the implementation of GASB 68. (Page 12)

Note payable, including the current portion, of \$12.3 million is a result of the purchase of land with a subsequent lease back to Hillwood Enterprises for their development of the site and well relocations. Relocation of the first well was completed in April 2015, at which time the rent obligation commenced based on the lease agreement. (Page 12)

Water Utility: Comparison to budget

Retail sales were \$1.6 million (2.7%) lower than budget due to a slightly lower-than-anticipated consumption as a result of conservation measures taken by customers. (Graphs A-13 and A-15)

Distribution operating expenses were \$7.1 million (16.6%) lower than anticipated levels due to savings in water pumping and production costs as a result of lower consumption levels and reducing controllable expenses resulting in savings in personnel costs, professional services and other general operating expenses. (Graph A-14)

With 100% of the year completed, the Water Utility spent 85% of its authorized operating budget. (Page 10)

Water Utility: Overall financial condition

Comparative financial ratios are shown in Graphs A-18 through A-21. The Water Utility financial metrics are stable and liquidity levels remain strong.

ELECTRIC UTILITY

**CITY OF RIVERSIDE
ELECTRIC UTILITY
INCOME STATEMENT ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2015
(100% of the year completed)
UNAUDITED**

	QUARTERLY (in thousands)			TOTAL BUDGET FY 14/15	CURRENT YTD AS % OF TOTAL BUDGET	YEAR-TO-DATE (in thousands)		
	CURRENT Apr-June 2015	BUDGET Apr-June 2015	PRIOR Apr-June 2014			CURRENT June 2015	BUDGET June 2015	PRIOR June 2014
OPERATING REVENUES:								
RESIDENTIAL SALES	\$ 24,490	\$ 25,789	\$ 25,371	\$ 115,844	99%	\$ 114,112	\$ 115,844	\$ 111,880
COMMERCIAL SALES	16,531	17,052	16,506	69,131	99%	68,572	69,131	67,063
INDUSTRIAL SALES	27,440	27,984	28,629	112,995	99%	112,283	112,995	111,260
OTHER SALES	1,423	1,447	1,478	5,691	99%	5,654	5,691	5,600
WHOLESALE SALES	14	-	2	-	0%	60	-	115
TRANSMISSION REVENUE	7,569	7,285	7,659	31,000	99%	30,587	31,000	32,630
OTHER OPERATING REVENUE	1,687	1,915	2,090	7,987	96%	7,654	7,987	6,912
PUBLIC BENEFIT PROGRAMS	2,027	2,072	2,107	8,706	100%	8,699	8,706	8,577
TOTAL OPERATING REVENUES, BEFORE UNCOLLECTIBLES	81,181	83,544	83,842	351,354	99%	347,621	351,354	344,037
ESTIMATED UNCOLLECTIBLES	(115)	(298)	309	(1,193)	85%	(1,014)	(1,193)	(589)
TOTAL OPERATING REVENUES, NET OF UNCOLLECTIBLES	81,066	83,246	84,151	350,161	99%	346,607	350,161	343,448
OPERATING EXPENSES:								
MANAGEMENT SERVICES	(1,257)	2,141	1,784	8,564	29%	2,455	8,564	6,750
UTILITY BUS SUPPORT	556	709	257	2,836	71%	2,001	2,836	1,051
BILLING SERVICES	130	127	272	508	87%	444	508	1,041
FIELD SERVICES	826	1,075	603	4,301	76%	3,270	4,301	2,312
CUSTOMER SERVICES	1,473	1,093	1,283	4,373	101%	4,414	4,373	3,989
MARKETING/COMMUNICATIONS	629	675	755	2,699	81%	2,195	2,699	3,579
PRODUCTION AND OPERATIONS	1,905	1,882	1,922	7,527	96%	7,231	7,527	6,840
FIELD OPERATIONS	3,362	3,799	2,845	15,196	82%	12,432	15,196	12,310
ENERGY DELIVERY ENGINEERING	1,519	1,061	903	4,242	104%	4,407	4,242	3,522
CUSTOMER ENGINEERING	701	706	794	2,826	94%	2,642	2,826	2,763
POWER RESOURCES	2,443	2,456	2,002	9,822	91%	8,919	9,822	7,495
POWER SUPPLY:								
TRANSMISSION	14,220	14,455	13,172	57,821	92%	53,356	57,821	51,939
GENERATION	36,939	37,501	28,771	156,060	92%	144,222	156,060	137,544
PUBLIC BENEFIT PROGRAMS	3,153	3,371	2,608	13,484	51%	6,870	13,484	7,933
DEPRECIATION	8,263	7,020	6,936	28,081	104%	29,328	28,081	27,260
TOTAL OPERATING EXPENSES	74,862	78,071	64,907	318,342	89%	284,185	318,342	276,328
OPERATING INCOME	6,204	5,175	19,244	31,819	196%	62,422	31,819	67,120
NON-OPERATING REVENUES (EXPENSES):								
INVESTMENT INCOME	583	1,432	1,918	5,729	67%	3,821	5,729	6,041
INTEREST EXPENSE	(5,333)	(6,741)	(5,832)	(26,963)	94%	(25,311)	(26,963)	(27,499)
GENERAL FUND CONTRIBUTIONS	(9,544)	(9,545)	(9,676)	(38,178)	100%	(38,178)	(38,178)	(38,704)
GAIN ON SALE OF ASSETS	183	139	(83)	557	62%	343	557	293
OTHER	1,795	749	641	2,995	135%	4,033	2,995	3,444
TOTAL NON-OPERATING EXPENSES	(12,316)	(13,965)	(13,032)	(55,860)	99%	(55,292)	(55,860)	(56,425)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(6,112)	(8,790)	6,212	(24,041)	-30%	7,130	(24,041)	10,695
CAPITAL CONTRIBUTIONS	1,132	370	1,757	1,479	175%	2,590	1,479	4,008
NET INCOME (LOSS)	\$ (4,980)	\$ (8,421)	\$ 7,969	\$ (22,562)	-43%	\$ 9,720	\$ (22,562)	\$ 14,703

City of Riverside Electric Utility

**STATEMENTS OF NET POSITION
UNAUDITED**

	June 30	
	2015	2014
	(in thousands)	
Assets and deferred outflows of resources		
Noncurrent assets:		
Utility plant:	\$ 953,267	\$ 912,421
Less accumulated depreciation	(318,899)	(291,478)
	634,368	620,943
Land	8,786	8,717
Intangibles	10,651	10,651
Construction in progress	48,604	51,105
Total utility plant	702,409	691,416
Restricted assets:		
Cash and investments at fiscal agent	144,686	176,349
Other non-current assets:		
Advances to other funds of the City	5,850	5,800
Net pension asset	-	11,450
Unamortized purchased power	5,047	3,143
Regulatory assets	10,822	17,451
Total other non-current assets	21,719	37,844
Total non-current assets	868,814	905,609
Current assets:		
Unrestricted assets:		
Cash and cash equivalents	227,425	210,929
Accounts receivable, less allowance for doubtful accounts		
2015 \$809; 2014 \$647	34,423	36,680
Advances to other funds of the City	610	914
Accrued interest receivable	885	1,127
Inventory	1,202	1,202
Prepaid expenses	20,831	22,827
Unamortized purchased power	496	372
Total unrestricted current assets	285,872	274,051
Restricted assets:		
Cash and cash equivalents	25,790	18,958
Public Benefit Programs - cash and cash equivalents	10,916	8,920
Public Benefit Programs receivable	936	939
Public Benefit Programs prepaids	76	-
Total restricted current assets	37,718	28,817
Total current assets	323,590	302,868
Total assets	1,192,404	1,208,477
Deferred outflows of resources:		
Pension contributions	11,541	-
Changes in derivative values	18,788	16,336
Loss on refunding	11,937	12,952
Total deferred outflows of resources	42,266	29,288
Total assets and deferred outflows of resources	\$ 1,234,670	\$ 1,237,765

City of Riverside Electric Utility

**STATEMENTS OF NET POSITION
UNAUDITED**

June 30

2015 2014
(in thousands)

Net position, liabilities and deferred inflows of resources

Net position:

Net investment in capital assets	\$ 190,271	\$ 196,771
Restricted for :		
Regulatory requirements	7,432	3,150
Debt service	18,358	15,808
Public Benefit Programs	11,555	9,732
Unrestricted	171,121	258,514
Total net position	398,737	483,975

Long-term obligations, less current portion

576,081	593,108
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Other non-current liabilities:

Compensated absences	578	830
Net pension liability	71,773	-
Capital leases payable	1,213	1,566
Derivative instruments	24,298	22,108
Nuclear decommissioning liability	67,573	75,299
Advances from other funds of the City-pension obligation	10,719	11,284
Postemployment benefits payable	6,617	5,749
Total other non-current liabilities	182,771	116,836

Current liabilities payable from restricted assets:

Accounts payable and other accruals	9,020	1,869
Accrued interest payable	5,623	5,770
Public Benefit Programs payable	394	154
Nuclear decommissioning liability	5,714	-
Current portion of long-term obligations	15,825	14,920
Total current liabilities payable from restricted assets	36,576	22,713

Current liabilities:

Accounts payable and other accruals	14,842	17,289
Customer deposits	4,512	3,844
Unearned revenue	468	-
Total current liabilities	19,822	21,133

Total liabilities	815,250	753,790
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Deferred inflows of resources:

Net difference between projected and actual earnings on pension plan investments	20,683	-
Total deferred inflows of resources	20,683	-

Total net position, liabilities and deferred inflows of resources	\$ 1,234,670	\$ 1,237,765
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City of Riverside Electric Utility

**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the Fiscal Years Ended
UNAUDITED**

	June 30	
	2015	2014
	(in thousands)	
Operating revenues:		
Residential sales	\$ 114,112	\$ 111,880
Commercial sales	68,572	67,063
Industrial sales	112,283	111,260
Other sales	5,654	5,600
Wholesale sales	60	115
Transmission revenue	30,587	32,630
Other operating revenue	7,654	6,912
Public Benefit Programs	8,699	8,577
Total operating revenues before uncollectibles	347,621	344,037
Estimated uncollectibles, net of bad debt recovery	(1,014)	(589)
Total operating revenues net of uncollectibles	346,607	343,448
Operating expenses:		
Production and purchased power	145,312	138,822
Transmission	53,356	51,939
Distribution	49,319	50,374
Public Benefit Programs	6,870	7,933
Depreciation	29,328	27,260
Total operating expenses	284,185	276,328
Operating income	62,422	67,120
Non-operating revenues (expenses):		
Investment income	3,821	6,041
Interest expense and fiscal charges	(25,311)	(27,499)
Gain on sale of assets	343	293
Other	4,033	3,444
Total non-operating expenses	(17,114)	(17,721)
Income before capital contributions and transfers out	45,308	49,399
Capital contributions	2,590	4,008
Transfers out - contributions to the City's general fund	(38,178)	(38,704)
Total capital contributions and transfers out	(35,588)	(34,696)
Increase in net position	9,720	14,703
Net position, beginning of year, as previously reported	483,975	469,272
Less: Cumulative effect of change in accounting principle	(94,958)	-
Net position, beginning of year, as restated	389,017	469,272
Net position, June 30	\$ 398,737	\$ 483,975

City of Riverside Electric Utility

STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended
UNAUDITED

	June 30	
	2015	2014
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and users	\$ 349,091	\$ 348,296
Cash paid to suppliers and employees	(247,170)	(255,926)
Other receipts	4,033	3,444
Net cash provided by operating activities	105,954	95,814
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers out - contributions to the City's general fund	(38,178)	(38,704)
Payment on advances from other funds of the City - pension obligation	(565)	(497)
Cash received on advances to other funds of the City	303	793
Net cash used by non-capital financing activities	(38,440)	(38,408)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of utility plant	(37,987)	(36,349)
Proceeds from the sale of utility plant	343	457
Proceeds from revenue bonds, for payment of interest	-	2,315
Principal paid on long-term obligations	(15,632)	(21,827)
Interest paid on long-term obligations	(27,101)	(29,400)
Capital contributions	2,509	2,774
Bond issuance costs	-	(454)
Net cash used by capital and related financing activities	(77,868)	(82,484)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investment securities	2,808	5,301
Income from investments	4,015	5,748
Net cash provided by investing activities	6,823	11,049
Net decrease in cash and cash equivalents	(3,531)	(14,029)
CASH AND CASH EQUIVALENTS, JULY 1	321,056	335,085
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 317,525</u>	<u>321,056</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 62,422	\$ 67,120
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 29,328	27,260
Decrease in deferred outflows related to pension	20	-
Decrease in deferred inflows related to pension	(5,171)	-
Increase in net pension liability	2,558	-
Amortization of net pension asset	-	504
Increase (decrease) in allowance for uncollectible accounts	162	(127)
Decrease in accounts receivable	1,652	4,501
Increase in inventory	-	(695)
Decrease (increase) in prepaid expenses	1,996	(958)
Increase in unamortized purchased power	(2,028)	(3,515)
Decrease in regulatory assets	6,106	-
Increase (decrease) in accounts payable and other accruals	4,897	(1,725)
(Decrease) increase in compensated absences	(252)	68
Increase in postemployment benefits payable	868	821
Increase (decrease) in Public Benefit Programs payable	240	(489)
Increase in unearned revenue	468	-
Increase in customer deposits	667	473
Decrease in decommissioning liability	(2,012)	(868)
Other receipts	4,033	3,444
Net cash provided by operating activities	<u>\$ 105,954</u>	<u>95,814</u>
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Capital contributions - capital assets	451	1,118
Borrowing under capital lease	166	408
Decrease in fair value of investments	(1,067)	(80)
Proceeds of refunding debt placed into an irrevocable trust:		
Defeasance of bonds	-	37,575
Payment of loan payable	-	42,661

City of Riverside Electric Utility

**SCHEDULES OF CASH AND CASH EQUIVALENTS
UNAUDITED**

	June 30	
	2015	2014
	(in thousands)	
Unrestricted cash and cash equivalents:		
Operating cash	\$ 36,057	\$ 33,173
Regulatory risk reserve	15,000	15,000
Energy risk reserve	30,000	30,000
Operating reserve	143,031	131,031
Decommissioning reserve	3,337	1,725
	<u>227,425</u>	<u>210,929</u>
Total unrestricted cash and cash equivalents		
	<u>227,425</u>	<u>210,929</u>
Legally restricted cash and cash equivalents:		
Reserved for debt service	18,358	15,808
Reserved for bond construction	53,394	82,249
Reserved for regulatory requirements	7,432	3,150
Reserved for Public Benefit Programs	10,916	8,920
	<u>90,100</u>	<u>110,127</u>
Total legally restricted cash and cash equivalents		
	<u>90,100</u>	<u>110,127</u>
Total cash and cash equivalents	<u>317,525</u>	<u>321,056</u>
Cash and investments at fiscal agent:		
Reserved for decommissioning liability	78,825	78,045
Reserved for other cash at fiscal agent	1,663	1,222
Reserved for debt service	10,804	14,833
	<u>91,292</u>	<u>94,100</u>
Total cash and investments at fiscal agent		
	<u>91,292</u>	<u>94,100</u>
Total restricted and unrestricted cash	<u>\$ 408,817</u>	<u>\$ 415,156</u>

TABLE I
CITY OF RIVERSIDE - ELECTRIC UTILITY
FINANCIAL PERFORMANCE INDICATORS
UNAUDITED

	Industry Median*	6/30/15	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10
Operating Ratio	71.9%	73.5%	72.5%	67.7%	69.6%	72.3%	68.2%
Debt Ratio	57.9%	67.7%	60.9%	62.3%	62.6%	63.7%	58.9%
Unrestricted Current Ratio **	1.8	14.4	13.0	10.9	10.8	11.0	10.2
Debt Service Coverage	2.25	2.39	2.16	2.73	2.24	2.21	2.75

* Industry median obtained from the APPA Survey published 2015 (based on customer size class of more than 100,000)

** Includes Cash Reserves.

WATER UTILITY

**CITY OF RIVERSIDE
WATER UTILITY
INCOME STATEMENT ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2015
(100% of the year completed)
UNAUDITED**

	QUARTERLY (in thousands)			TOTAL BUDGET FY 14/15	CURRENT YTD AS % OF TOTAL BUDGET	YEAR-TO-DATE (in thousands)		
	CURRENT Apr-Jun 2015	BUDGET Apr-Jun 2015	PRIOR Apr-Jun 2014			CURRENT June 2015	BUDGET June 2015	PRIOR June 2014
OPERATING REVENUES:								
RESIDENTIAL SALES	\$ 7,863	\$ 8,815	\$ 9,712	\$ 37,071	98%	\$ 36,266	\$ 37,071	\$ 40,687
COMMERCIAL SALES	4,187	4,531	4,689	19,836	95%	18,932	19,836	20,227
OTHER SALES	483	415	529	1,773	108%	1,919	1,773	1,946
WATER CONVEYANCE REVENUE	930	572	356	2,287	100%	2,286	2,287	2,356
WATER CONSERVATION PROGRAMS	3,221	1,399	253	5,595	79%	4,420	5,595	1,047
OTHER OPERATING REVENUE	478	578	572	2,310	96%	2,228	2,310	2,428
TOTAL OPERATING REVENUES, BEFORE UNCOLLECTIBLES	17,162	16,310	16,111	68,872	96%	66,051	68,872	68,691
ESTIMATED UNCOLLECTIBLES	24	(52)	59	(210)	64%	(134)	(210)	(98)
TOTAL OPERATING REVENUES, NET OF UNCOLLECTIBLES	17,186	16,258	16,170	68,662	96%	65,917	68,662	68,593
OPERATING EXPENSES:								
FIELD OPERATIONS	3,729	3,652	3,382	14,607	93%	13,548	14,607	12,809
PRODUCTION AND OPERATIONS	4,121	5,011	4,567	18,912	79%	14,983	18,912	15,981
ENGINEERING	740	1,742	2,171	6,969	83%	5,769	6,969	7,451
WATER RESOURCES	462	610	449	2,441	61%	1,486	2,441	1,457
WATER CONSERVATION PROGRAMS	4,150	2,013	349	8,050	68%	5,434	8,050	836
DEPRECIATION	3,408	3,227	4,120	12,907	101%	13,088	12,907	12,799
TOTAL OPERATING EXPENSES	16,610	16,255	15,038	63,886	85%	54,308	63,886	51,333
OPERATING INCOME	576	3	1,132	4,776	243%	11,609	4,776	17,260
NON-OPERATING REVENUES (EXPENSES):								
INVESTMENT INCOME	235	224	392	897	84%	749	897	1,049
INTEREST EXPENSE	(1,905)	(2,180)	(1,980)	(8,721)	96%	(8,350)	(8,721)	(8,599)
TRANSFERS IN FROM GENERAL FUND	3,333	-	3,333	-	0%	3,333	-	3,333
GENERAL FUND CONTRIBUTIONS	(1,774)	(1,775)	(1,748)	(7,098)	100%	(7,098)	(7,098)	(6,991)
GAIN (LOSS) ON SALE OF ASSETS	(3)	20	(327)	78	101%	79	78	(253)
OTHER	404	146	219	584	142%	832	584	698
TOTAL NON-OPERATING EXPENSES	290	(3,565)	(111)	(14,260)	73%	(10,455)	(14,260)	(10,763)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	866	(3,562)	1,021	(9,484)	-12%	1,154	(9,484)	6,497
CAPITAL CONTRIBUTIONS	1,870	264	1,867	1,017	395%	4,017	1,017	3,534
NET INCOME (LOSS)	\$ 2,736	\$ (3,298)	\$ 2,888	\$ (8,467)	-61%	\$ 5,171	\$ (8,467)	\$ 10,031

City of Riverside Water Utility

STATEMENTS OF NET POSITION
UNAUDITED

	June 30	
	2015	2014
	(in thousands)	
Assets and deferred outflows of resources		
Noncurrent assets:		
Utility plant:	\$ 605,617	\$ 575,786
Less accumulated depreciation	(191,613)	(180,094)
	414,004	395,692
Land	20,484	20,484
Construction in progress	12,028	15,828
Intangibles	10,841	10,841
Total utility plant	457,357	442,845
Restricted assets:		
Cash and investments at fiscal agent	-	10,554
Other non-current assets:		
Net pension asset	-	4,926
Other non-current receivables	-	3,333
Regulatory assets	580	943
Total other non-current assets	580	9,202
Total non-current assets	457,937	462,601
Current assets:		
Unrestricted assets:		
Cash and cash equivalents	83,864	86,181
Accounts receivable, less allowance for doubtful accounts		
2015 \$151; 2014 \$132	8,332	9,664
Accrued interest receivable	311	429
Advances to other funds of the City	261	392
Prepaid expenses	2	17
Other receivables	3,333	3,333
Total unrestricted current assets	96,103	100,016
Restricted assets:		
Cash and cash equivalents	6,063	5,930
Water Conservation Programs - cash and cash equivalents	-	2,437
Water Conservation Programs receivable	3,034	128
Water Conservation Programs prepaid	8	-
Total restricted current assets	9,105	8,495
Total current assets	105,208	108,511
Total assets	563,145	571,112
Deferred outflows of resources:		
Pension contributions	4,186	-
Changes in derivative values	4,008	2,941
Loss on refunding	7,690	8,215
Total deferred outflows of resources	15,884	11,156
Total assets and deferred outflows of resources	\$ 579,029	\$ 582,268

City of Riverside Water Utility

**STATEMENTS OF NET POSITION
UNAUDITED**

	June 30	
	2015	2014
	(in thousands)	
Net position, liabilities and deferred inflows of resources		
Net position:		
Net investment in capital assets	252,615	\$ 245,731
Restricted for:		
Debt service	6,063	5,930
Water Conservation Programs	2,484	2,499
Unrestricted	41,524	78,570
Total net position	302,686	332,730
Long-term obligations, less current portion	197,210	202,968
Other non-current liabilities:		
Advances from other funds of the City - pension obligation	4,612	4,855
Postemployment benefits payable	2,787	2,422
Net pension liability	26,032	-
Compensated absences	309	333
Derivative instrument	8,861	8,083
Note payable	11,470	9,482
Total other non-current liabilities	54,071	25,175
Current liabilities payable from restricted assets:		
Accounts payable and other accruals	-	1,290
Accrued interest payable	1,751	1,801
Water Conservation Programs payable	530	66
Current portion of long-term obligations	5,260	5,015
Total current liabilities payable from restricted assets	7,541	8,172
Current liabilities:		
Accounts payable and other accruals	5,249	5,471
Current portion of long-term obligations	150	150
Customer deposits	445	935
Note payable	843	-
Total current liabilities	6,687	6,556
Total liabilities	265,509	242,871
Deferred inflows of resources:		
Net difference between projected and actual earnings on pension plan investments	7,501	-
Regulatory charges	3,333	6,667
Total deferred inflows of resources	10,834	6,667
Total net position, liabilities and deferred inflows of resources	579,029	\$ 582,268

City of Riverside Water Utility

**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the Fiscal Years Ended
UNAUDITED**

	June 30	
	2015	2014
	(in thousands)	
Operating revenues:		
Residential sales	\$ 36,266	\$ 40,687
Commercial sales	18,932	20,227
Other sales	1,919	1,946
Water conveyance revenue	2,286	2,356
Water Conservation Programs	4,420	1,047
Other operating revenue	2,228	2,428
Total operating revenues before uncollectibles	66,051	68,691
Estimated uncollectibles, net of bad debt recovery	(134)	(98)
Total operating revenues, net of uncollectibles	65,917	68,593
Operating expenses:		
Operations	25,793	27,600
Maintenance	4,745	4,668
Purchased energy	5,248	5,430
Water Conservation Programs	5,434	836
Depreciation	13,088	12,799
Total operating expenses	54,308	51,333
Operating income	11,609	17,260
Non-operating revenues (expenses):		
Investment income	749	1,049
Interest expense and fiscal charges	(8,350)	(8,599)
Gain (loss) on sale of assets	79	(253)
Other	832	698
Total non-operating revenues (expenses)	(6,690)	(7,105)
Income before capital contributions and transfers	4,919	10,155
Capital contributions	4,017	3,534
Transfers in from the City's general fund	3,333	3,333
Transfers out - contributions to the City's general fund	(7,098)	(6,991)
Total capital contributions and transfers	252	(124)
Increase in net position	5,171	10,031
Net position, beginning of year, as previously reported	332,730	322,699
Less: Cumulative effect of change in accounting principle	(35,215)	-
Net position, beginning of year, as restated	297,515	322,699
Net position, June 30	\$ 302,686	\$ 332,730

City of Riverside Water Utility

STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended
UNAUDITED

	June 30	
	2015	2014
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and users	\$ 63,708	\$ 69,567
Cash paid to suppliers and employees	(42,995)	(34,922)
Other receipts	832	698
Net cash provided by operating activities	21,545	35,343
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers out - contributions to the City's general fund	(7,098)	(6,991)
Transfers in from the City's general fund	3,333	3,333
Cash received on advances to other funds of the City	131	364
Payment on advances to other funds of the City - pension obligation	(243)	(214)
Net cash used for non-capital financing activities	(3,877)	(3,508)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of utility plant	(23,288)	(22,648)
Proceeds from the sale of utility plant	148	126
Principal paid on long-term obligations	(5,017)	(4,363)
Interest paid on long-term obligations	(8,685)	(8,848)
Bond issuance costs	0	(19)
Capital contributions	3,132	2,154
Net cash used for capital and related financing activities	(33,710)	(33,598)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Income from investments	867	1,004
Net cash provided by investing activities	867	1,004
Net decrease in cash and cash equivalents	(15,175)	(759)
CASH AND CASH EQUIVALENTS, JULY 1	105,102	105,861
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 89,927</u>	<u>\$ 105,102</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 11,609	\$ 17,260
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	13,088	12,799
Decrease in deferred outflows related to pension	6	-
Decrease in deferred inflows related to pension	(1,876)	-
Increase in net pension liability	928	-
Amortization of net pension asset	-	217
Increase in allowance for uncollectible accounts	19	14
(Increase) decrease in accounts receivable	(1,872)	684
Decrease in prepaid expenses	7	2
(Decrease) increase in accounts payable and other accruals	(1,511)	3,025
Increase in postemployment benefits payable	365	339
(Decrease) increase in compensated absences	(24)	132
Increase (decrease) in Water Conservation Programs payable	464	(4)
(Decrease) increase in customer deposits	(490)	177
Other receipts	832	698
Net cash provided by operating activities	<u>\$ 21,545</u>	<u>\$ 35,343</u>
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Capital contributions - capital assets	1,164	1,256
Well relocation and purchase of land with note payable	2,980	9,482

City of Riverside Water Utility

**SCHEDULES OF CASH AND CASH EQUIVALENTS
UNAUDITED**

	June 30	
	2015	2014
	(in thousands)	
Unrestricted operating cash and reserves:		
Operating cash	\$ 20,958	\$ 21,611
Operating cash reserve	30,435	35,435
Recycled water cash reserve	6,467	3,133
Water property sales reserve	26,004	26,002
	<hr/>	<hr/>
Total unrestricted cash and reserves	83,864	86,181
	<hr/>	<hr/>
Legally restricted cash and reserves:		
Reserved for debt service	6,063	5,930
Reserved for bond construction	-	10,554
Water Conservation Programs	-	2,437
	<hr/>	<hr/>
Total legally restricted cash and cash equivalents	6,063	18,921
	<hr/>	<hr/>
Total cash and cash equivalents	<u>\$ 89,927</u>	<u>\$ 105,102</u>

TABLE I
CITY OF RIVERSIDE - WATER UTILITY
FINANCIAL PERFORMANCE INDICATORS
UNAUDITED

	Industry Median*	6/30/15	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10
Operating Ratio	72.0%	62.5%	56.2%	54.2%	55.7%	58.1%	63.8%
Debt Ratio	33.0%	47.7%	42.9%	43.1%	44.0%	43.7%	46.7%
Unrestricted Current Ratio **	2.3	14.4	15.3	18.1	12.6	11.4	9.1
Debt Service Coverage	1.89	2.22	2.56	2.61	2.82	3.49	2.08

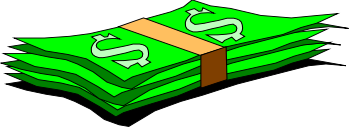
* Industry median for California water utilities obtained from the most recent data from Moody's Investor Services.

** Includes Cash Reserves.

GRAPHICS

Electric Utility
Flow of Funds - Actual
(For the Year Ended June 30, 2015)

BEGINNING CASH BALANCES - \$321.0M



SOURCES - \$362.7M

Cash Sales - \$349.1M
Investment Income - \$6.8M
Other - \$4.3M
Capital Contributions - \$2.5M



**OPERATING EXPENSES, PURCHASED
POWER, & OTHER PAYMENTS - \$(247.2)M**



BALANCE - \$115.5 M



DEBT SERVICE - \$(43.2)M



CAPITAL/EQUIPMENT - \$(37.6)M

Bonds \$(32.2)M
Cash \$(5.4)M



GENERAL FUND TRANSFER - \$(38.2)M



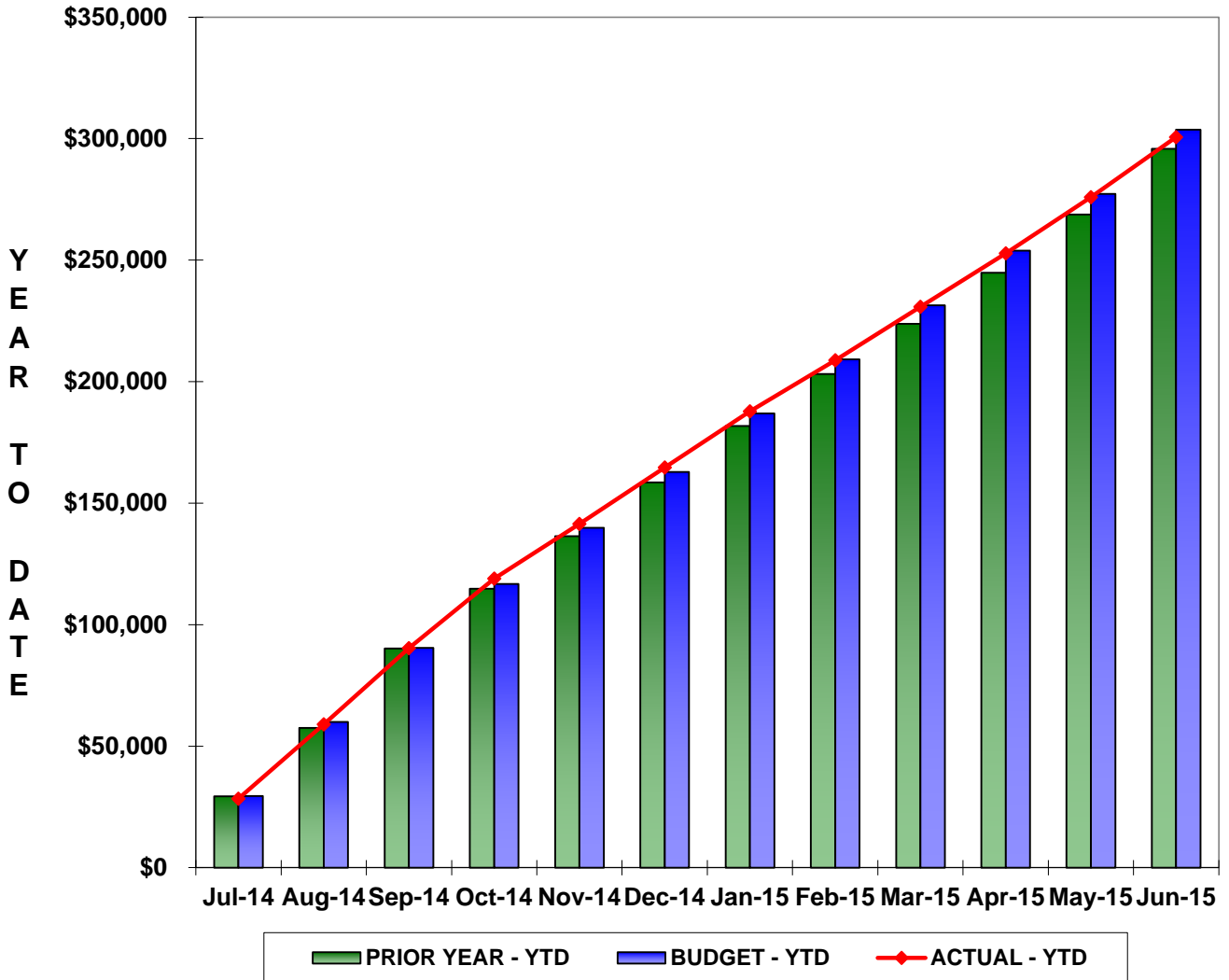
NET DECREASE TO CASH BALANCES - \$(3.5)M

Unrestricted – \$16.5M
*Restricted – \$(20.0)M

ENDING CASH BALANCES - \$317.5M

*Excludes legally restricted cash and investments at fiscal agent of \$91.3M

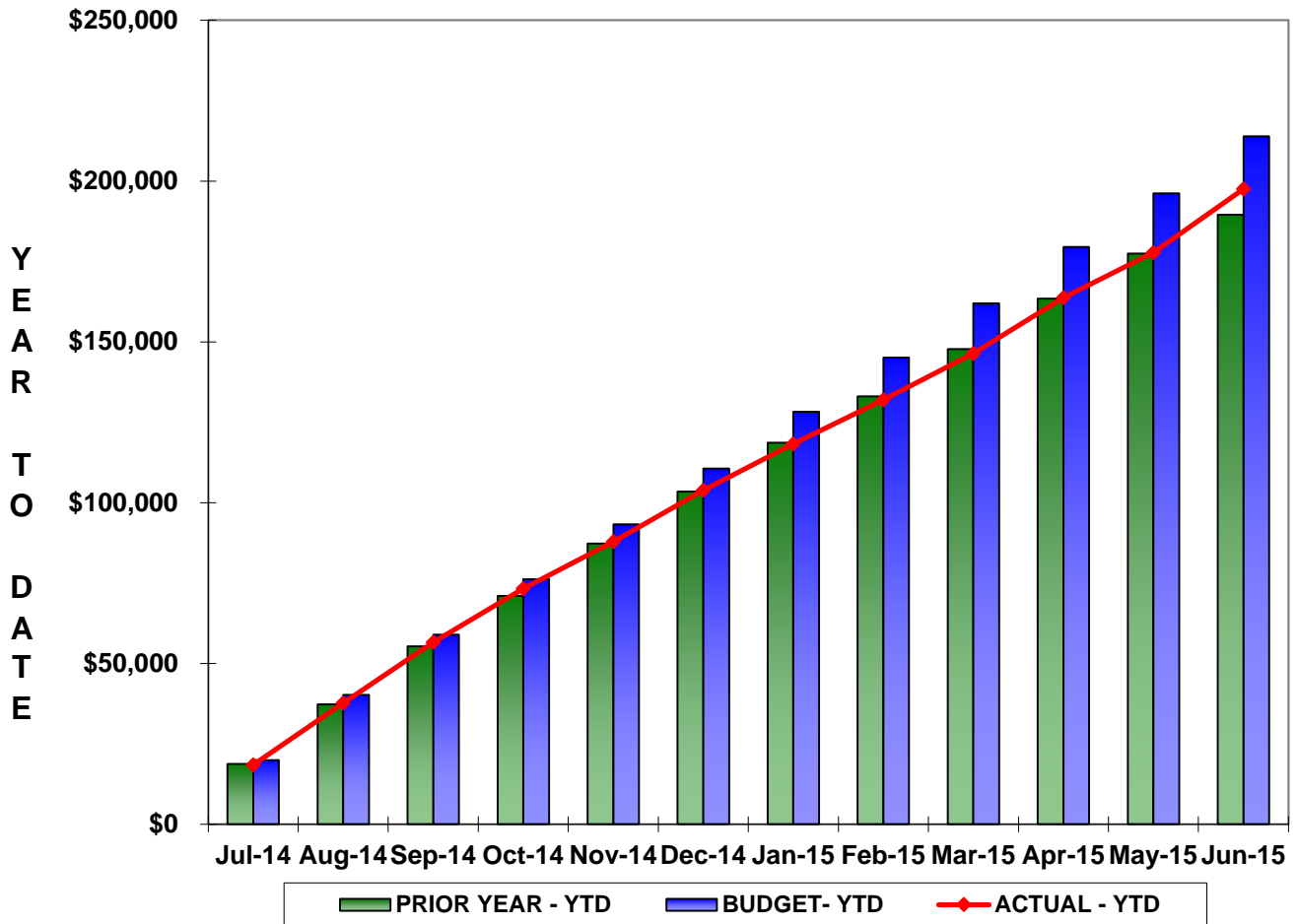
ELECTRIC UTILITY RETAIL SALES REVENUE FOR THE PERIOD ENDED JUNE 30, 2015 (In Thousands)



Actual to Prior: Year-to-date actual retail sales of \$300.6M are \$4.8M (1.6%) higher than prior year primarily from slight increase in load as a result of warmer weather patterns in the fall compared to prior year.

Actual to Budget: Year-to-date actual retail sales are below budget, by \$3.0M (1%), due to lower than anticipated consumption as a result of milder weather than normal in the last quarter of the fiscal year.

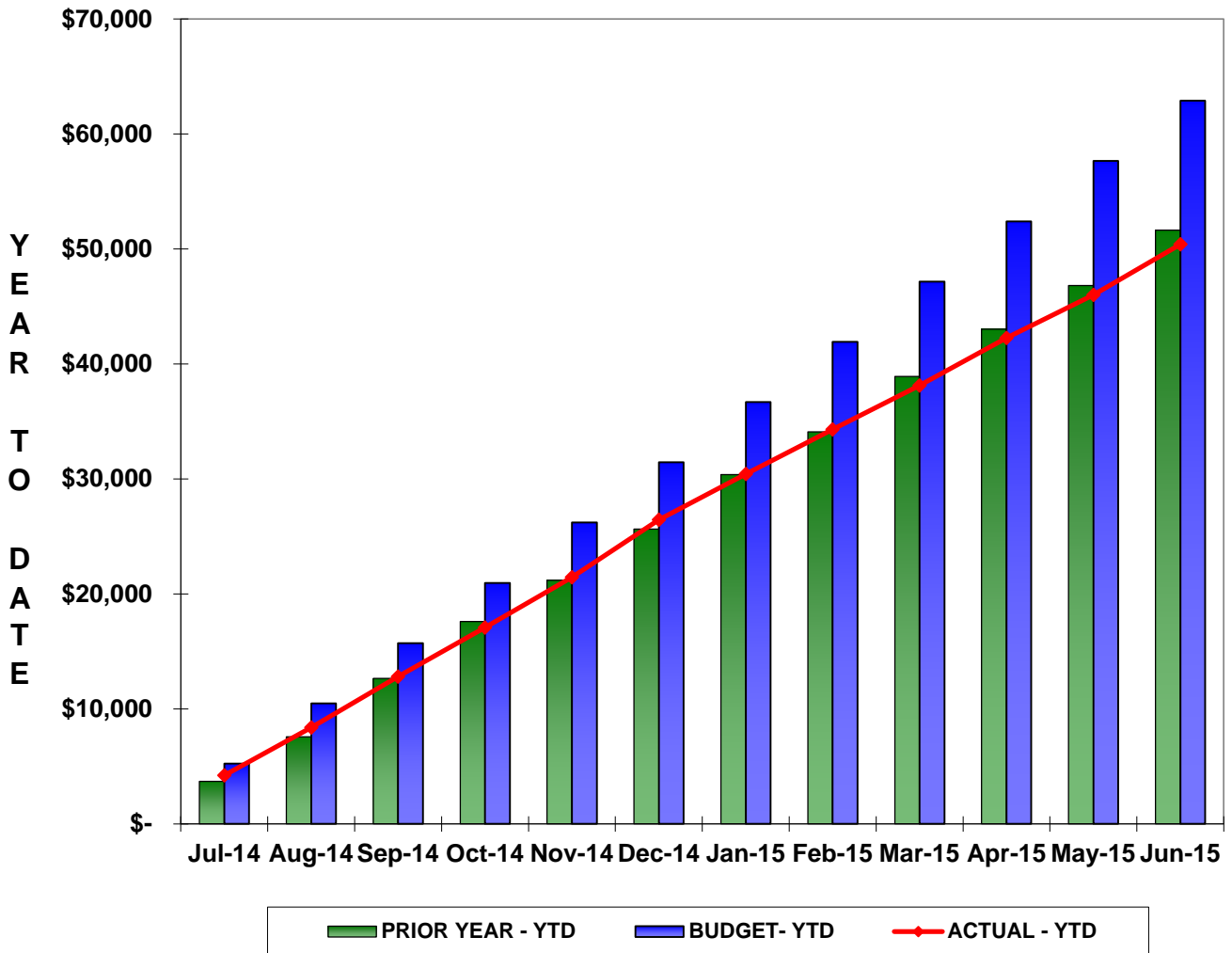
ELECTRIC UTILITY POWER SUPPLY EXPENSES FOR THE PERIOD ENDED JUNE 30, 2015 (In Thousands)



Actual to Prior: Year-to-date power supply costs of \$197.6M are \$8.1M (4.3%) higher than prior year primarily due to the recognition of the regulatory asset related to replacement power associated with the shutdown of SONGS Units 2 and 3 as an expense.

Actual to Budget: Year-to-date power supply costs are \$16.3M (7.6%) lower than budget primarily due to lower than anticipated transmission costs, lower generation costs as a result of a decline in natural gas prices, and a decrease in SONGS ongoing maintenance costs.

ELECTRIC UTILITY DISTRIBUTION OPERATING EXPENSES FOR THE PERIOD ENDED JUNE 30, 2015 (In Thousands)



Actual to Prior: Year-to-date distribution operating expenses of \$50.4M are \$1.2M lower than prior year primarily due to a \$2.6M decrease in pension expense as a result of the GASB 68 implementation offset by an increase in general operating expenses.

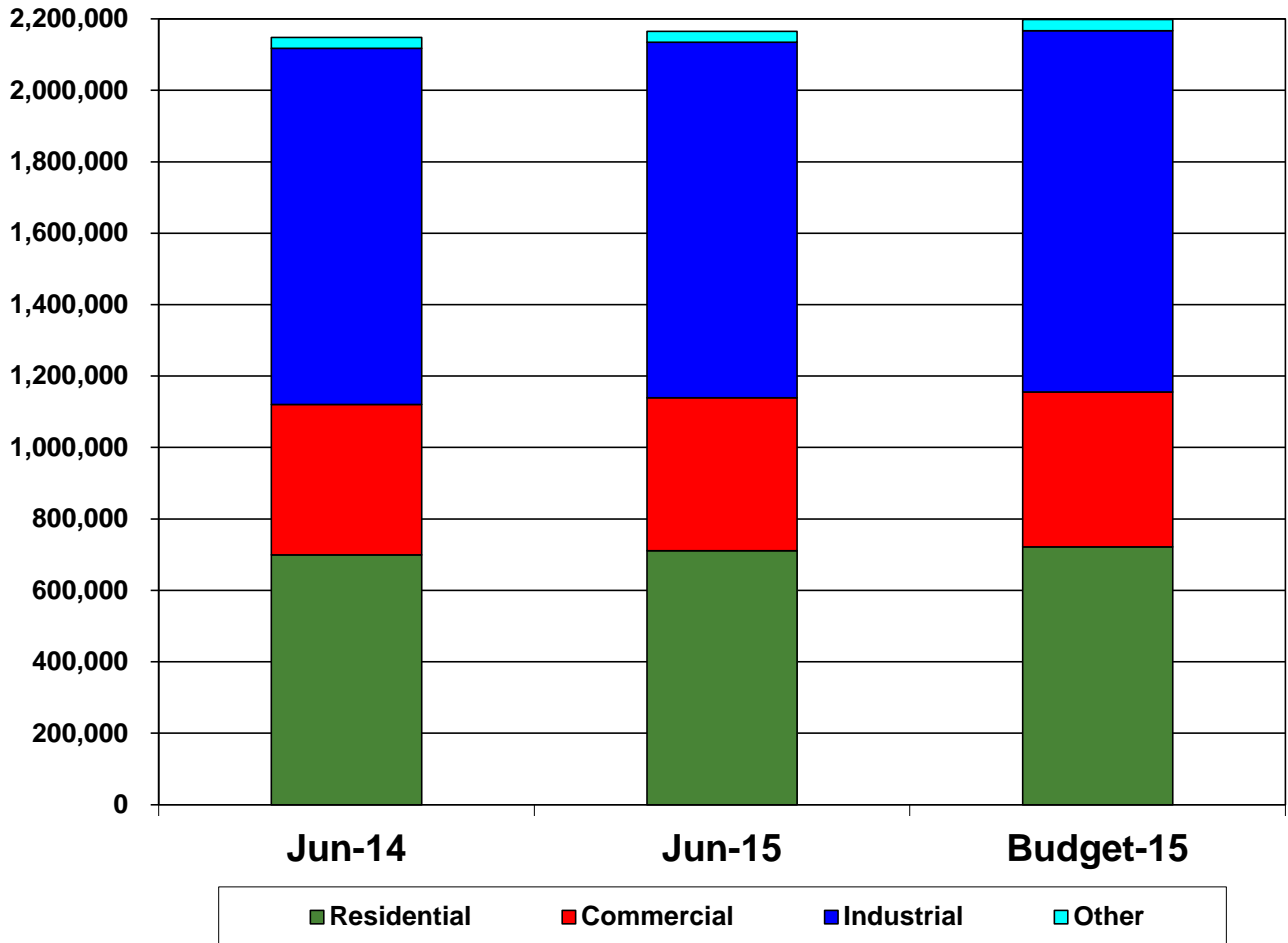
Actual to Budget: Year-to-date operating expenses are \$12.5M (19.9%) below anticipated levels primarily due to savings in personnel costs, professional services, and other general operating expenses.

ELECTRIC UTILITY

RETAIL KWH SALES (In Thousands)

FOR THE PERIOD ENDED JUNE 30, 2015

Total - YTD 2,147,876 2,165,138 2,198,239

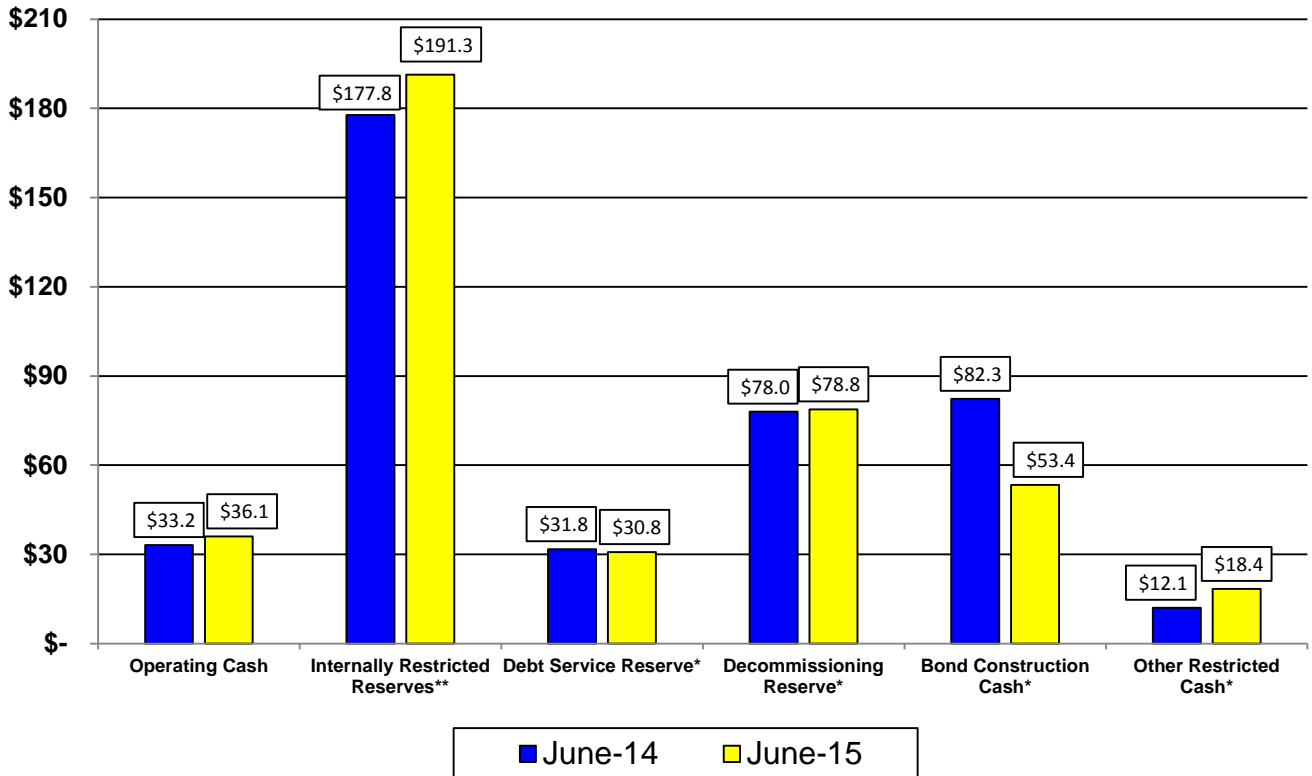


Actual to Prior: Retail kWh sales are slightly higher than prior year as a result of warmer weather patterns in the fall compared to prior year.

Actual to Budget: Retail kWh sales are slightly below budget.

ELECTRIC UTILITY CASH BALANCES JUNE 30, 2014 AND 2015 (In Millions)

Total Cash 6/30/14 – \$415.2M
Total Cash 6/30/15 – \$408.8M



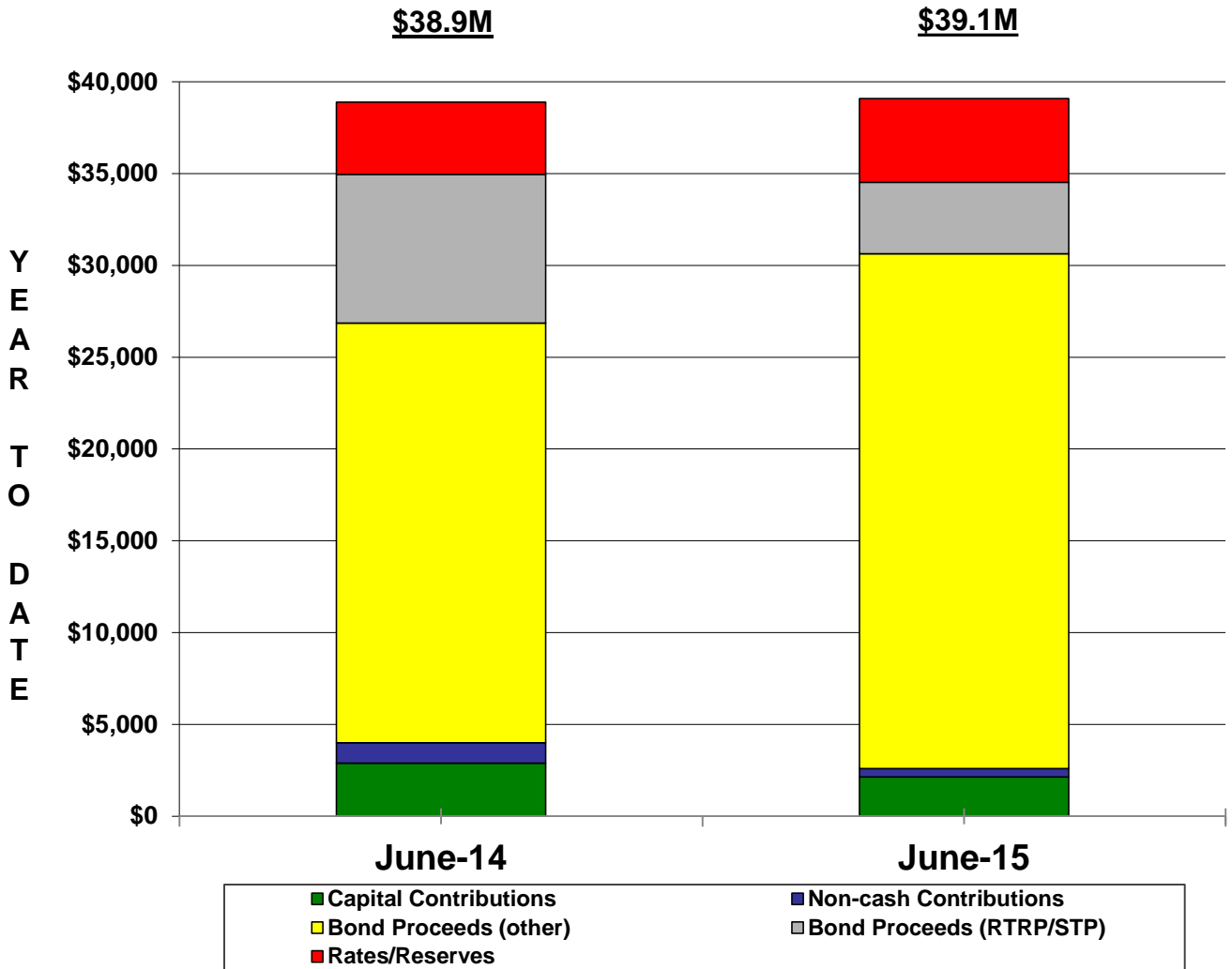
Total cash balances are \$6.4M lower than prior year primarily due to the use of bond proceeds for capital projects offset by positive operating results.

* Legally restricted for specific purposes. Other Restricted Cash includes reserves for Public Benefits and Regulatory Requirements.

** The components of these accounts are as follows:

	FY 13/14	FY 14/15
Regulatory Risk Reserve	\$ 15.0	\$ 15.0
Energy Risk Management Reserve	\$ 30.0	\$ 30.0
Operating Reserve	\$ 131.0	\$ 143.0
Decommissioning Reserve	\$ 1.8	\$ 3.3
Total Reserves	\$ 177.8	\$ 191.3

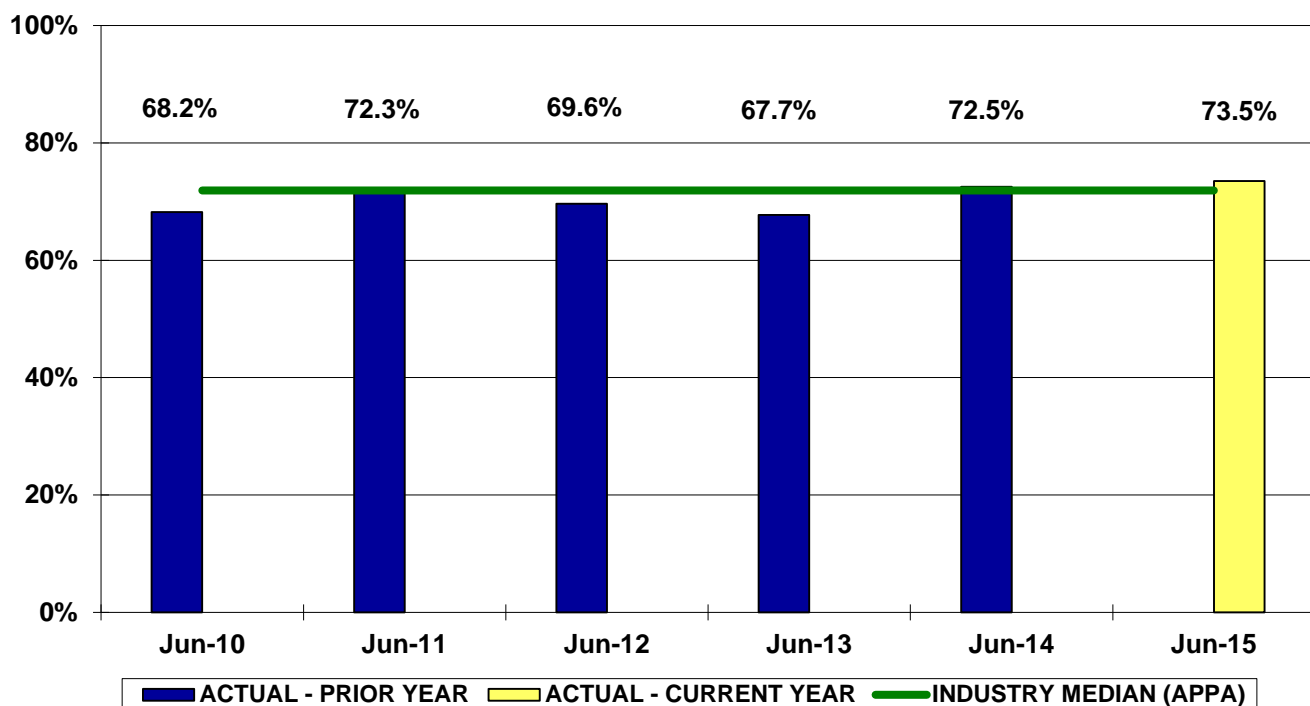
ELECTRIC UTILITY CAPITAL/EQUIPMENT FUNDING JUNE 30, 2014 AND 2015 (In Thousands)



Current year capital expenses (projects + equipment) of \$39.1M are consistent with prior year. In the current year, significant capital projects such as technology upgrades, the Harvey Lynn Substation project, and an electronic security monitoring and access control project were completed and placed into service.

ELECTRIC UTILITY OPERATING RATIO

The Operating Ratio reflects the Utility's Operating and Maintenance costs to operating revenues. A low ratio indicates positive results.
Industry Median = 71.9%

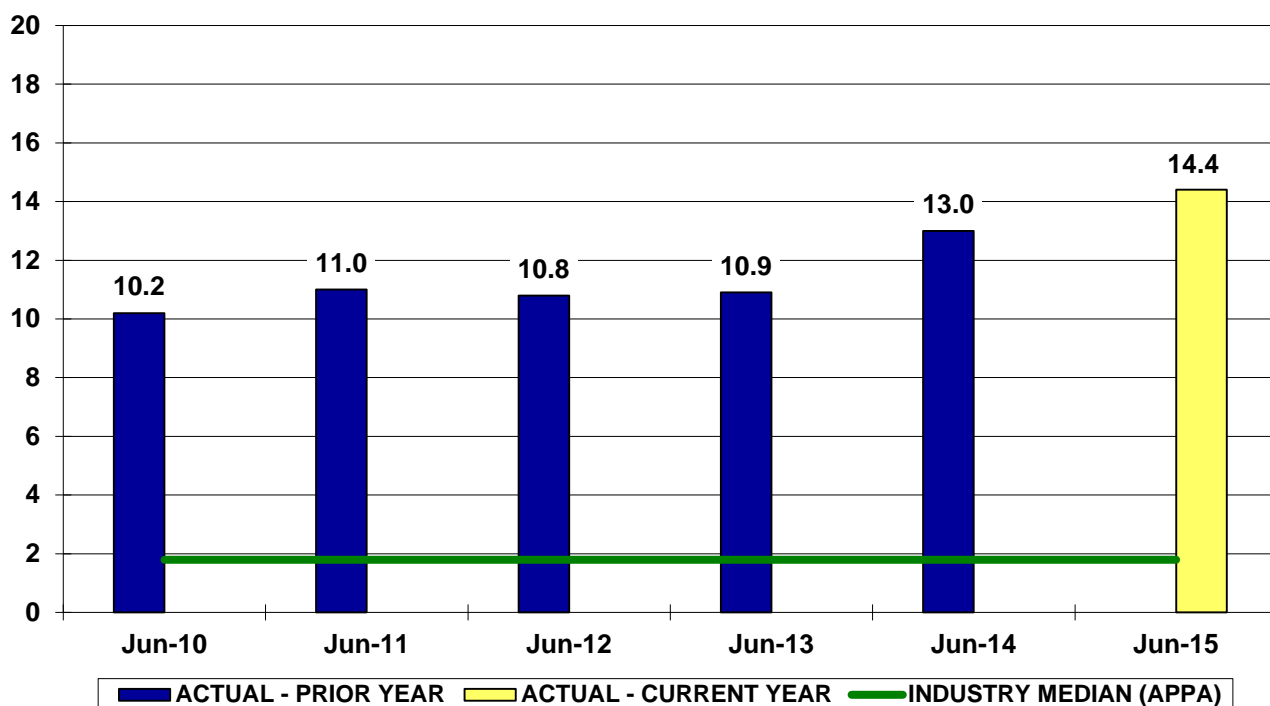


The Utility's Operating Ratio shows a 1.0 point (unfavorable) change from last fiscal year end primarily due to an increase in power supply costs due to a one-time adjustment of the regulatory asset related to replacement power associated with the shutdown of SONGS Units 2 and 3 as an expense.

The Operating Ratio of 73.5% is 1.6 points higher (unfavorable) than the industry median of 71.9%.

ELECTRIC UTILITY UNRESTRICTED CURRENT RATIO

The Unrestricted Current Ratio indicates the Utility's ability to meet short term liabilities. A higher ratio indicates positive results.
Industry Median = 1.8

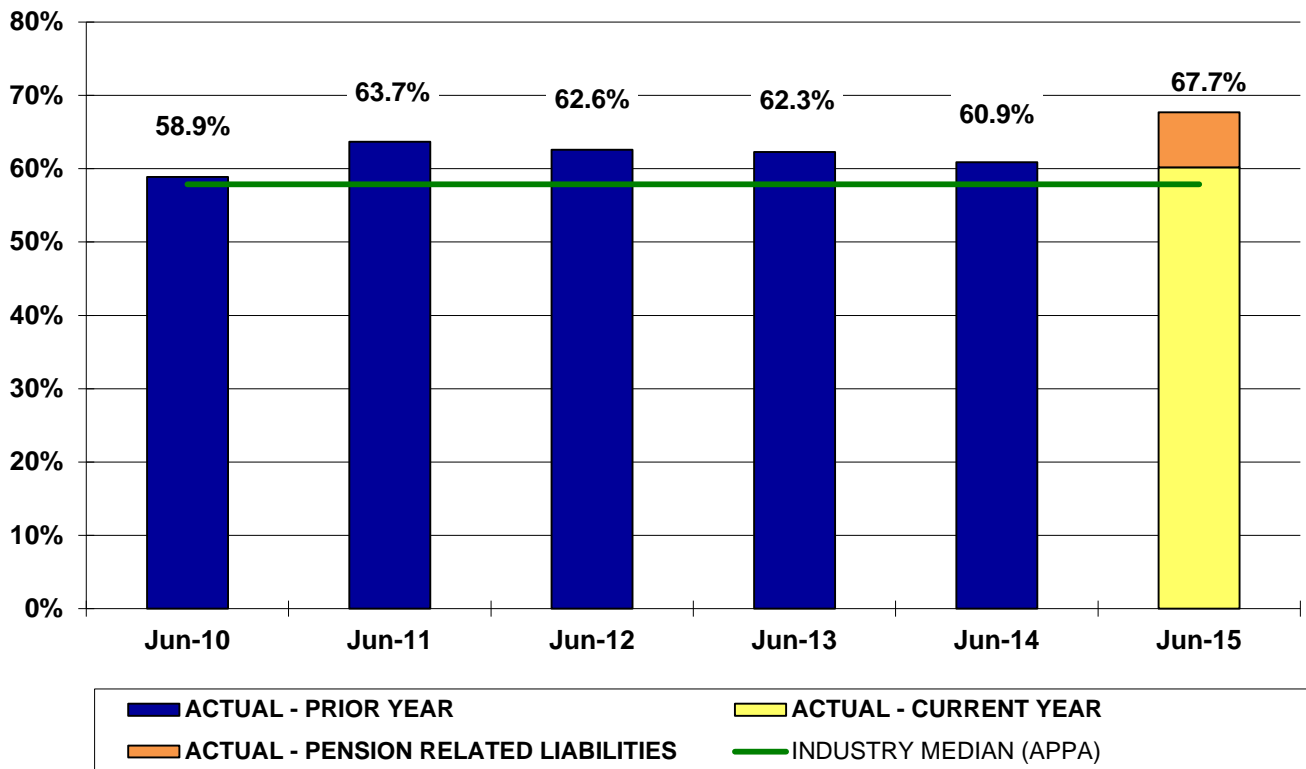


The Utility's Unrestricted Current Ratio shows a 1.4 point (favorable) change from last fiscal year end primarily due to an increase in operating cash and reserves.

The Unrestricted Current Ratio of 14.4 is 12.6 points higher (favorable) than the industry median of 1.8, which indicates strong liquidity and positive operating results.

ELECTRIC UTILITY DEBT RATIO

The Debt Ratio indicates what proportion of debt the Utility has in relation to Utility assets. This ratio is favorable when it is lower.
Industry Median = 57.9%

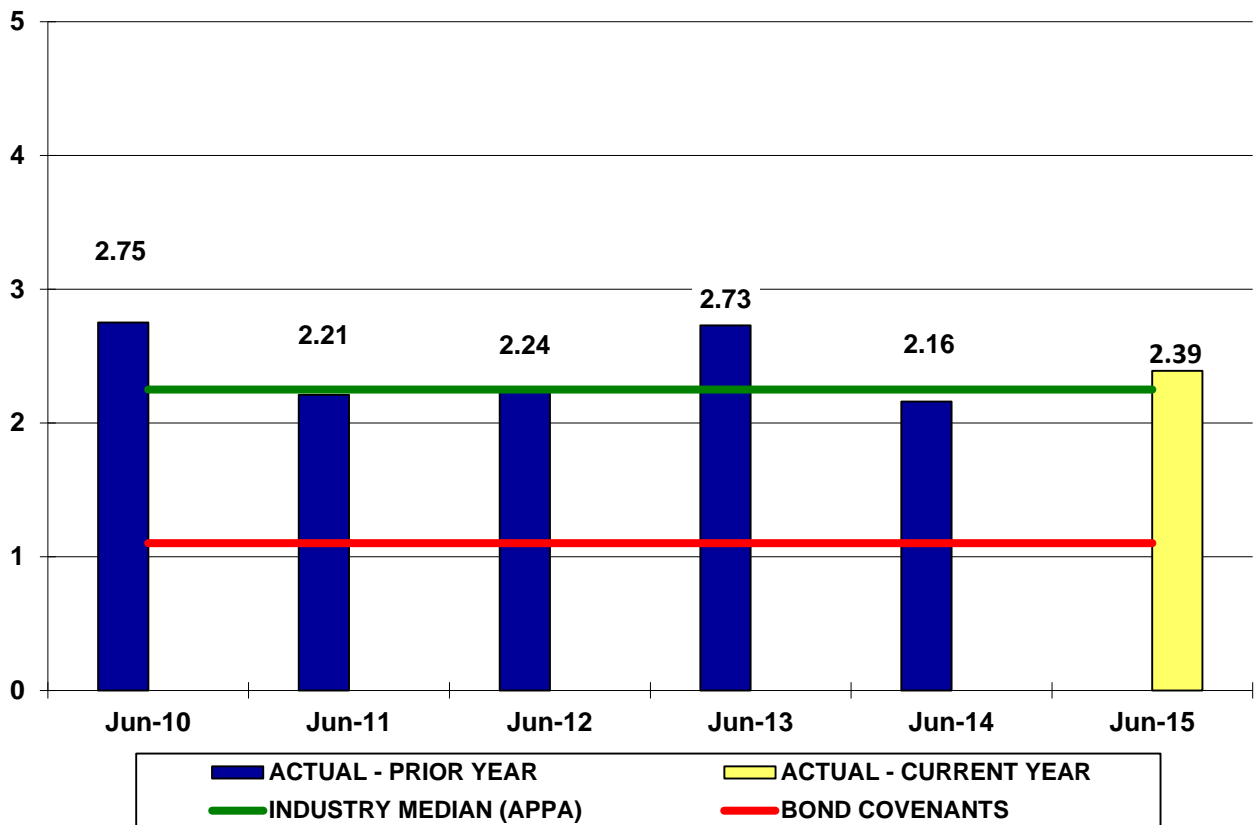


The Utility's Debt Ratio of 67.7% is 6.8 points higher (unfavorable) than last fiscal year end primarily due to the addition of the net pension liability related to the implementation of new financial accounting standards for pension reporting.

The Debt Ratio of 67.7% is 9.8 points higher (unfavorable) than the industry median of 57.9%. This industry median has not reflected the effect of the addition of net pension liability as required by most public utilities under new financial accounting standards.

ELECTRIC UTILITY DEBT SERVICE COVERAGE RATIO

The Debt Service Coverage Ratio is used as a benchmark to measure the Utility's ability to produce enough cash to cover our debt service payments. A higher ratio is more favorable.
Industry Median = 2.25

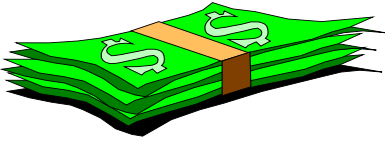


The Utility's Debt Service Coverage Ratio of 2.39 indicates that sufficient revenues are available to cover debt service. The ratio shows a 0.23 point (favorable) change from last fiscal year. This ratio is 0.14 points higher than the industry median of 2.25.

*The 2003 Electric Refunding bond issue and all subsequent bond issues allowed for a new springing provision resulting in changes to the Debt Service Coverage Ratio calculation. This provision is only for the purposes of determining compliance with the Utility's Bond Covenants of 1.10. Under this method, the Debt Service Coverage Ratio would be 7.80 compared to the traditional calculation of 2.39.

Water Utility
Flow of Funds - Actual
(For the Year Ended June 30, 2015)

BEGINNING CASH BALANCES - \$105.1M



SOURCES - \$72.0 M

Cash Sales - \$63.7M
Investment Income - \$0.9M
Other - \$4.3M
Capital Contributions - \$3.1M



OPERATING EXPENSES - \$(43.0)M



BALANCE - \$29.0M



DEBT SERVICE - \$(14.0)M



CAPITAL/EQUIPMENT - \$(23.1)M

Bonds \$(9.3)M
Cash \$(13.8)M



GENERAL FUND TRANSFER - \$(7.1)M

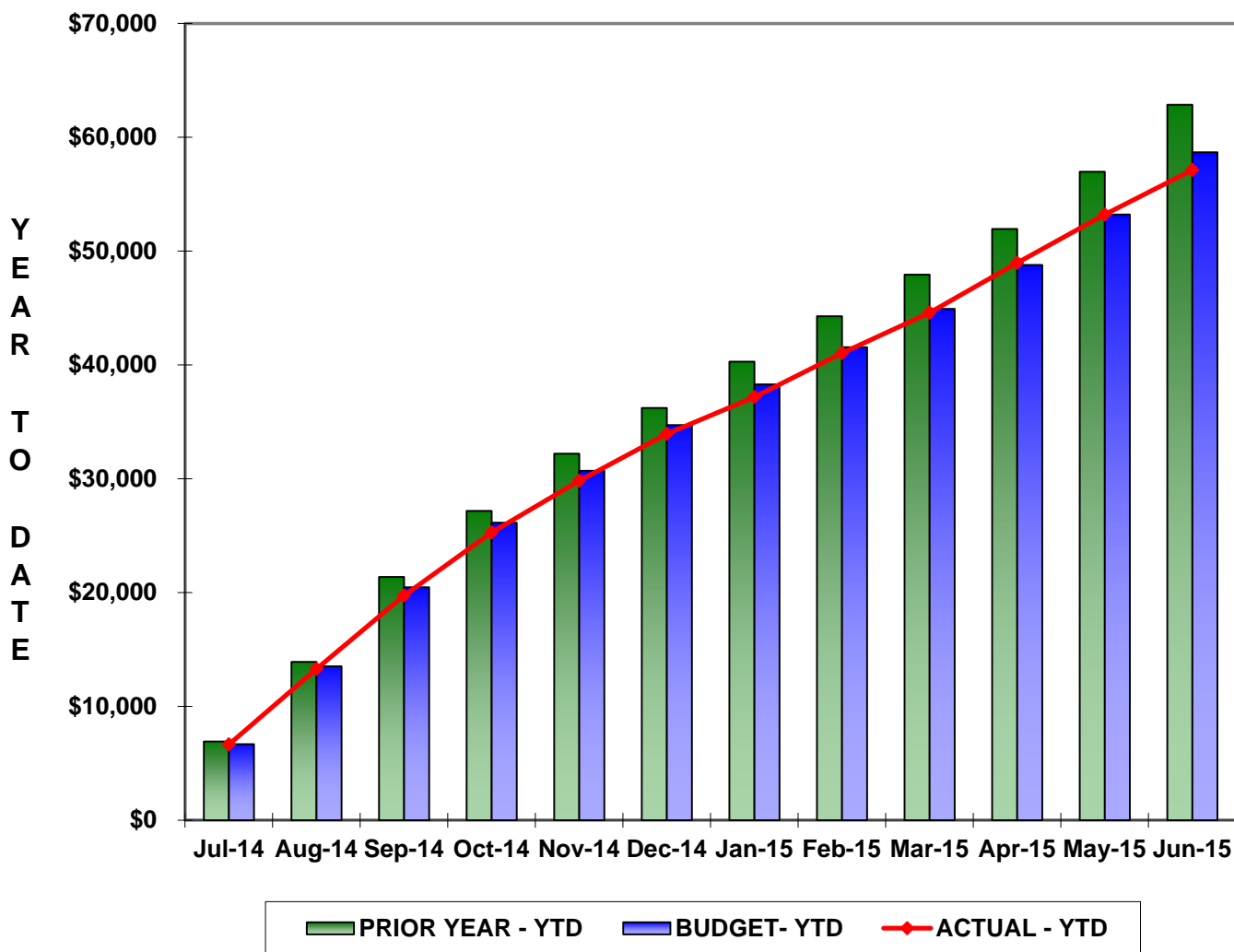


NET DECREASE TO CASH BALANCES- \$(15.2) M

Unrestricted – \$(2.3)M
Restricted – \$(12.9)M

ENDING CASH BALANCES - \$89.9M

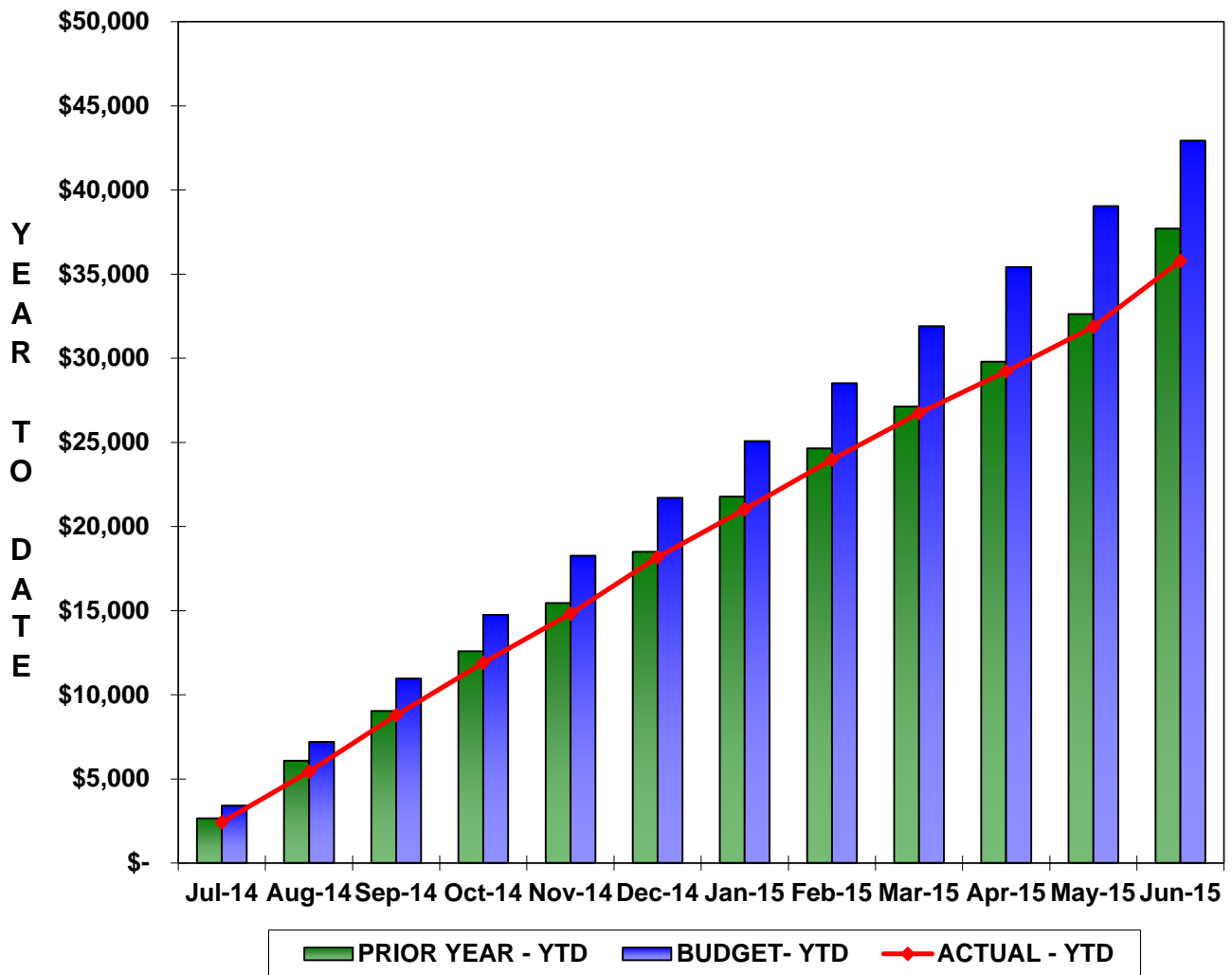
WATER UTILITY RETAIL SALES REVENUE FOR THE PERIOD ENDED JUNE 30, 2015 (In Thousands)



Actual to Prior: Year-to-date actual retail sales of \$57.1M are \$5.7M (9.1%) lower than prior year primarily due to a 10.0% decrease in consumption as a result of water conservation measures enacted due to the current drought conditions.

Actual to Budget: Year-to-date actual retail sales are \$1.6M (2.7%) lower than budget due to a slightly lower-than-anticipated consumption levels as a result of conservation measures taken by customers.

WATER UTILITY DISTRIBUTION OPERATING EXPENSES FOR THE PERIOD ENDED JUNE 30, 2015 (In Thousands)



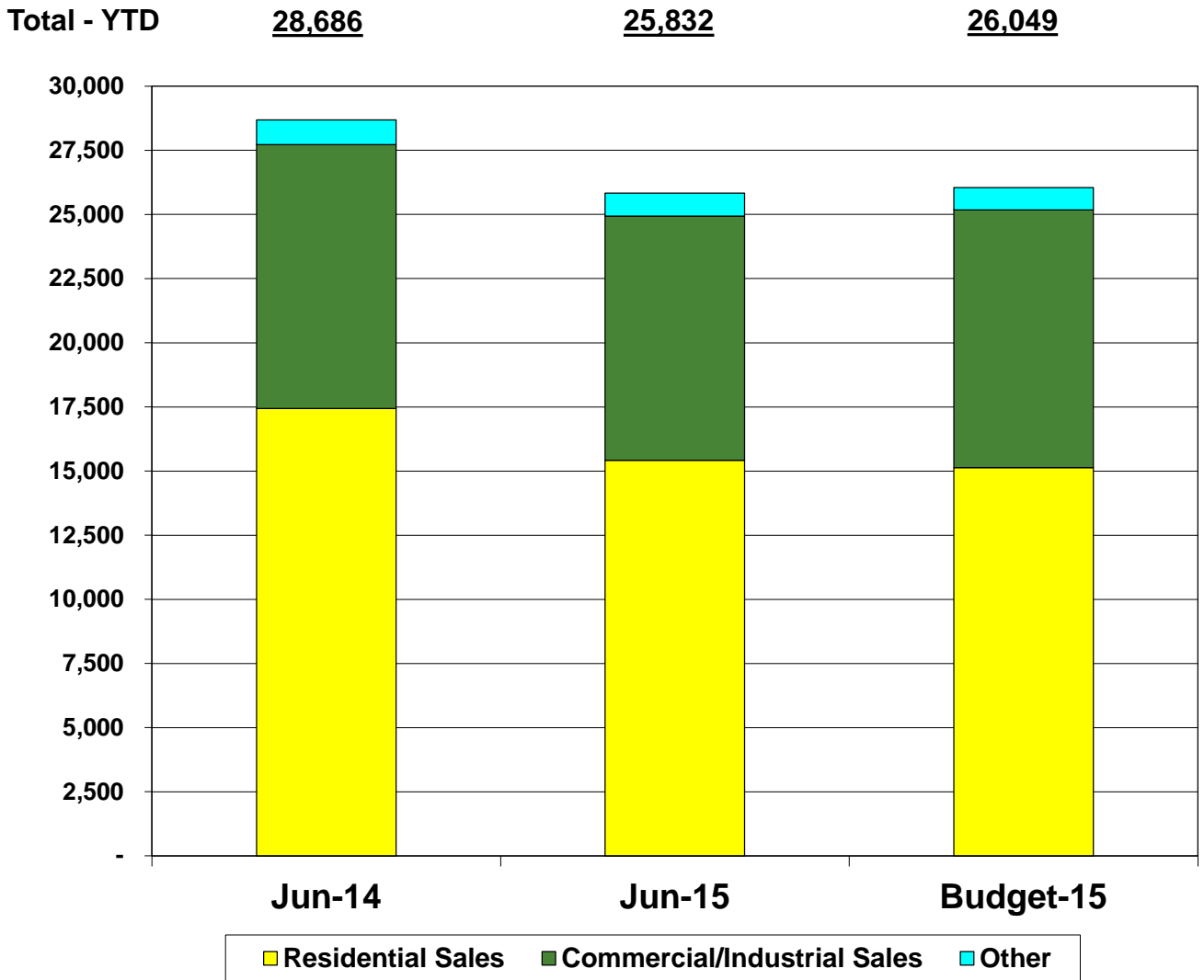
Actual to Prior: Year-to-date distribution operating expenses of \$35.8M are \$1.9M (5.1%) lower than prior year primarily due to a \$0.9M decrease in pension expense as a result of the GASB 68 implementation and a decrease in general operating expenses.

Actual to Budget: Year-to-date operating expenses are \$7.1M (16.6%) below anticipated levels due to savings in water pumping and production costs as a result of lower consumption levels and reducing controllable expenses resulting in savings in personnel costs, professional services, and other general operating expenses.

WATER UTILITY

CCF SALES (In Thousands)

FOR THE PERIOD ENDED JUNE 30, 2015



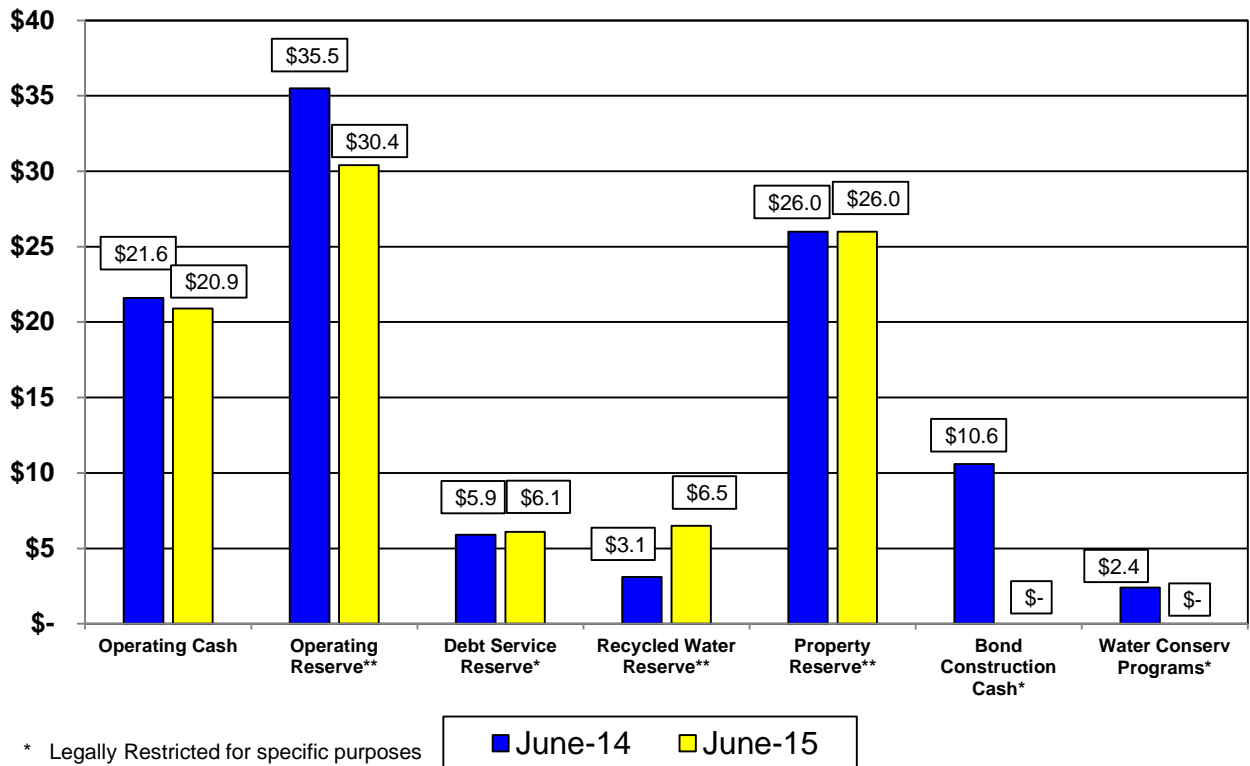
Actual to Prior: Retail CCF sales are 10.0% lower than prior year due to water conservation measures enacted for the current drought conditions.

Actual to Budget: Retail CCF sales are slightly below budget.

WATER UTILITY CASH BALANCES JUNE 30, 2014 AND 2015 (In Millions)

Total Cash 6/30/14 – \$105.1M

Total Cash 6/30/15 – \$89.9M



* Legally Restricted for specific purposes

** Internally Restricted

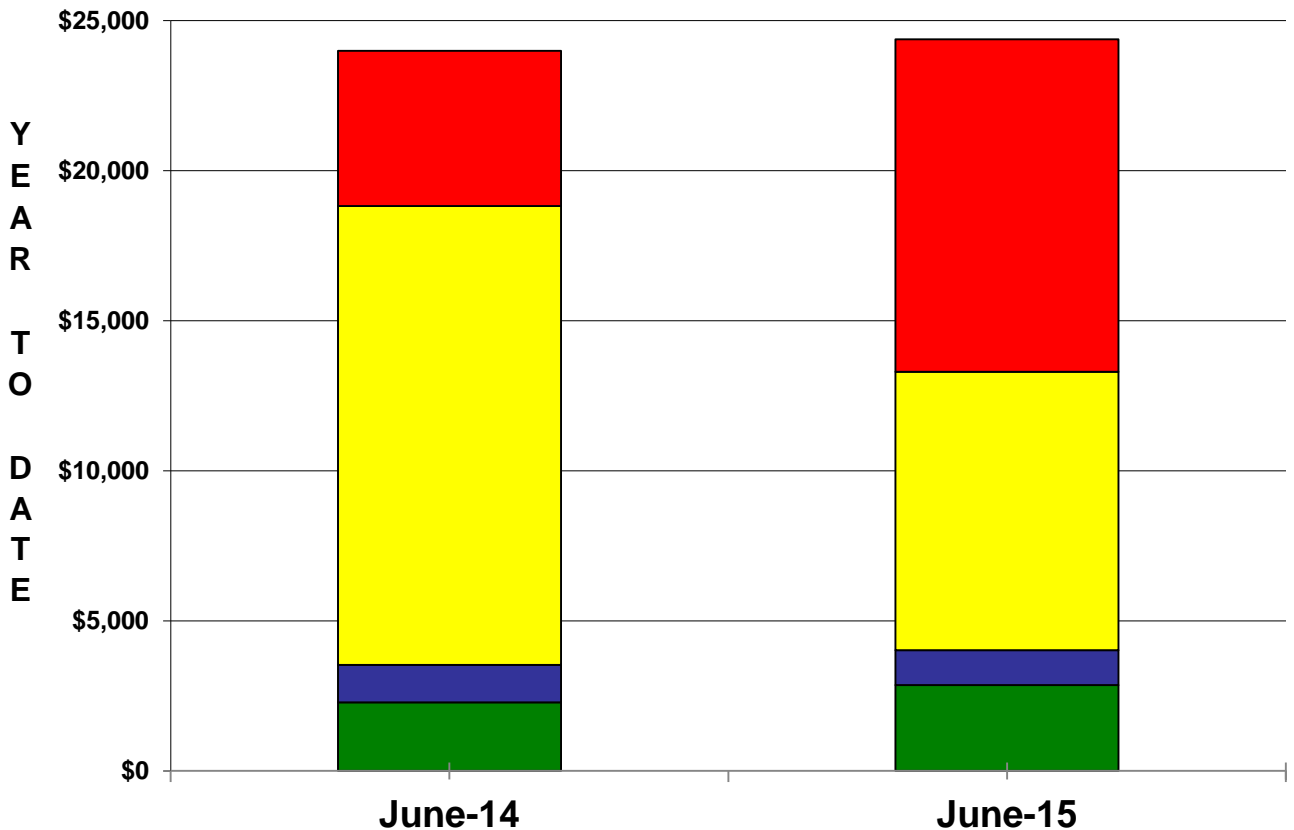
Cash balances are \$15.2M lower than prior year primarily due to the depletion of available bond proceeds to fund capital projects totaling \$10.6M and the use of \$4.8M in operating reserves for capital projects customarily funded by bonds. Staff is currently analyzing the Water Utility's future infrastructure needs including the source of funding. With the City Council approved Reimbursement Resolution, use of cash and reserves currently for capital projects may be reimbursed by future bond proceeds should the City decide that a bond issuance will be beneficial for capital financing.

The decrease in cash balances is offset by an increase in recycled water reserves resulting from the receipt of \$3.3M for the second of three payments from a settlement agreement from the City.

WATER UTILITY CAPITAL/EQUIPMENT FUNDING JUNE 30, 2014 AND 2015 (In Thousands)

\$24.0M

\$24.4M

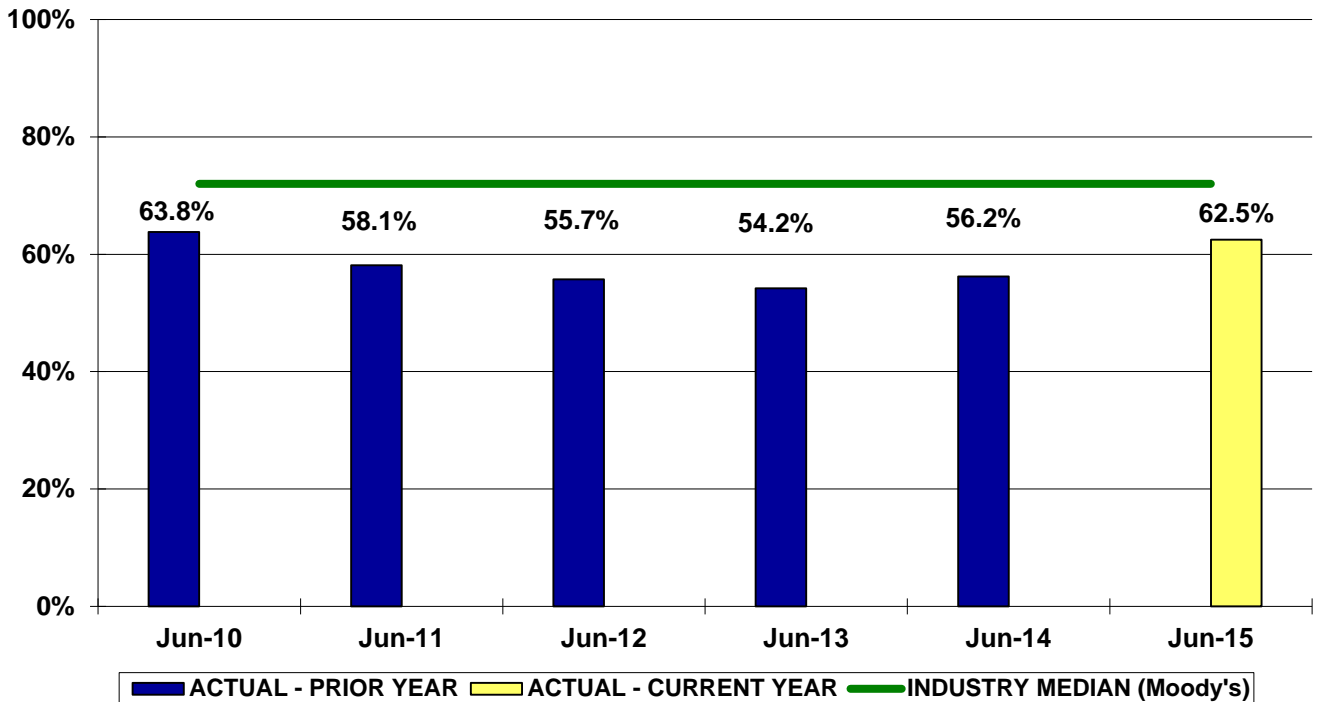


■ Capital Contributions
 ■ Non-Cash Contributions
 ■ Bond Proceeds
 ■ Rates/Reserves

Current year capital expenses (capital projects + equipment) of \$24.4M is consistent with prior year. In the current year, significant capital projects such as main replacements, distribution system assets, and facility rehabilitation projects were completed and placed into service.

WATER UTILITY OPERATING RATIO

The Operating Ratio reflects the Utility's Operating and Maintenance costs to operating revenues. A low ratio indicates positive results.
Industry Median = 72.0%

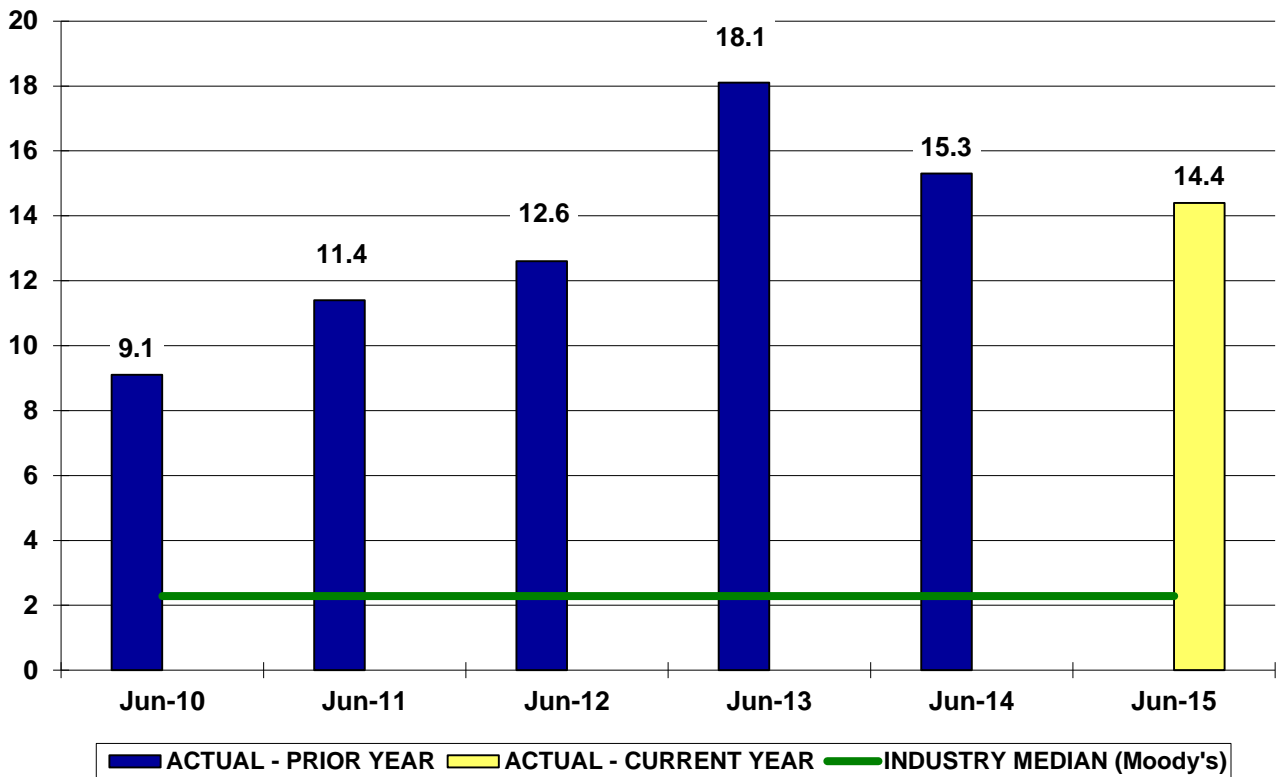


The Utility's Operating Ratio shows a 6.3 point (unfavorable) change from last fiscal year end due to a decrease in operating revenues and an increase in operating expenses related to Water Conservation turf removal program.

The Operating Ratio of 62.5% is 9.5 points lower (favorable) than the industry median of 72.0% which indicates strong operating results.

WATER UTILITY UNRESTRICTED CURRENT RATIO

The Unrestricted Current Ratio indicates the Utility's ability to meet short term liabilities. A higher ratio indicates positive results.
Industry Median = 2.3

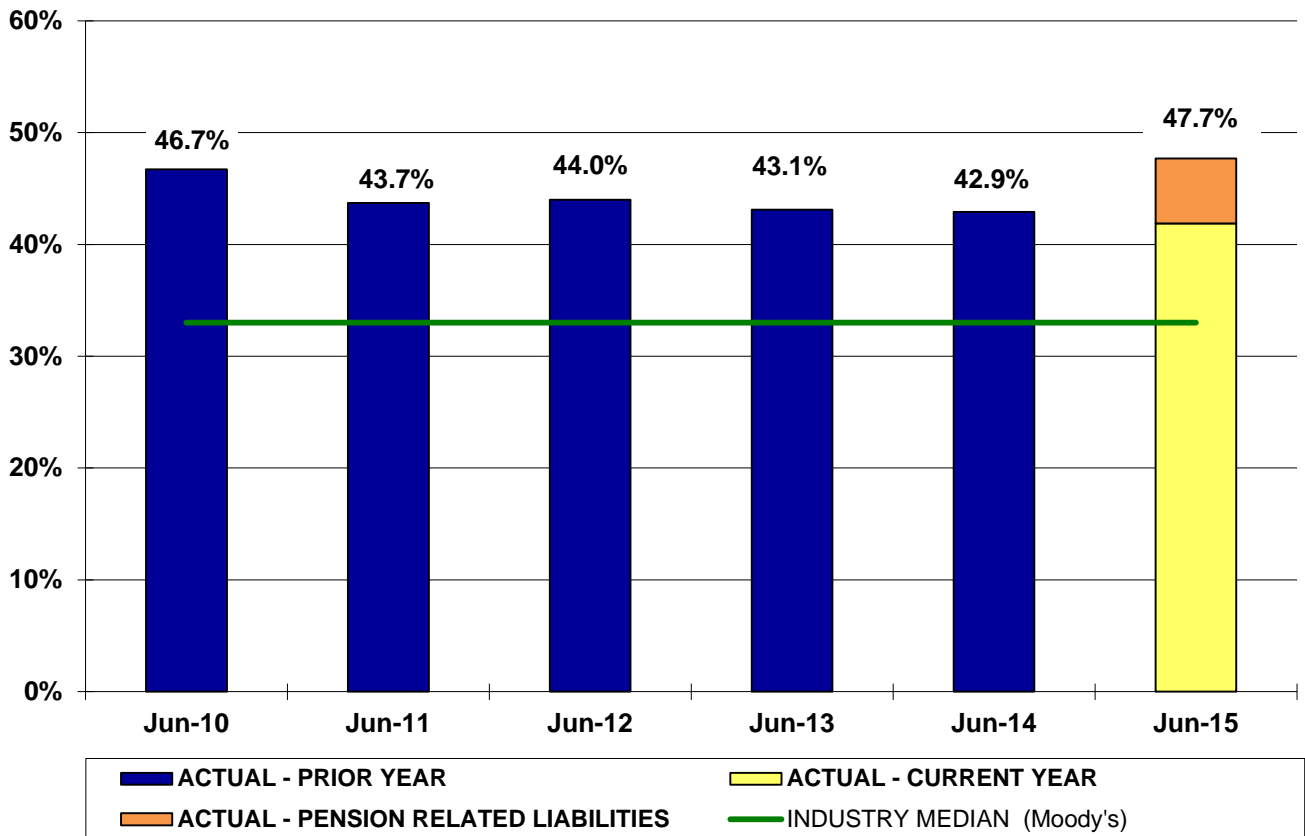


The Utility's Unrestricted Current Ratio shows a 0.9 point (unfavorable) decrease from last fiscal year end due to a decrease cash and cash equivalents, for the use of reserves on capital projects which are customarily funded by bonds.

The Unrestricted Current Ratio of 14.4 is 12.1 points higher (favorable) than the industry median of 2.3 which indicates strong liquidity and positive operating results.

WATER UTILITY DEBT RATIO

The Debt Ratio indicates what proportion of debt the Utility has in relation to Utility assets. This ratio is favorable when it is lower.
Industry Median = 33.0%



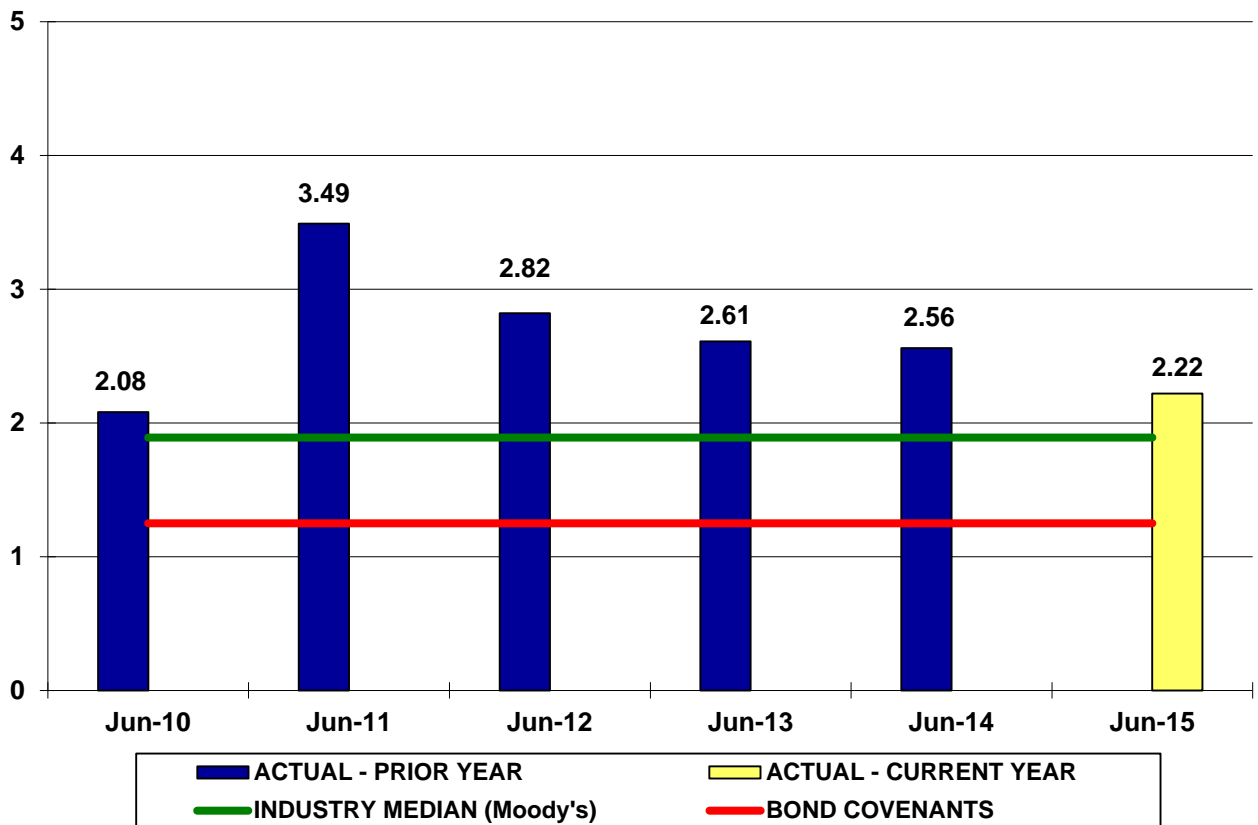
The Utility's Debt Ratio of 47.7% is 4.8 point higher (unfavorable) than last fiscal year end primarily due to the addition of the net pension liability related to the implementation of new financial accounting standards for pension reporting.

The Debt Ratio is 14.7 points higher (unfavorable) than the industry median of 33.0%. This industry median has not reflected the effect of the addition of net pension liability as required for most public utilities under new financial accounting standards.

WATER UTILITY DEBT SERVICE COVERAGE RATIO

The Debt Service Coverage Ratio is used as a benchmark to measure the Utility's ability to produce enough cash to cover our debt service payments. A higher ratio is more favorable.

Industry Median = 1.89



The Debt Service Coverage Ratio of 2.22 indicates that sufficient revenues are available to cover debt service. This ratio is lower than last fiscal year end's ratio of 2.56 as a result of lower operating revenues due to water conservation measures.

This ratio is higher than the Utility's Bond Covenants of 1.25 and the industry median of 1.89.