

CITY OF RIVERSIDE

Riverside, California

REPORT OF NORTHSIDE PROPERTY TRANSACTIONS

Including Independent Accountant's Report

February 10, 2016



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INDEPENDENT ACCOUNTANT'S REPORT

To the City Council of
City of Riverside
Riverside, California

We have examined management's assertion that the Northside property transactions, identified as Pellisier Ranch, Ab Brown, Reid Park and the Golf Course were completed within the City's approved policies, applicable State laws and the City Charter. The City of Riverside management is responsible for the assertion. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertion referred to above presents, in all material respects, the Northside property transactions based on the criteria noted above.

This report is intended solely for the information and use of the management and City Council of the City of Riverside and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
February 10, 2016

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Report Comments

These report comments regarding Northside Property Transactions have been requested by City of Riverside management to respond to several comments made at a public meeting to the Riverside Board of Public Utility Commissioners on February 5, 2016 and in a subsequent email to the Riverside Board and City Council by a citizen group. Management's assertion is addressed in the Independent Accountant's Report.

The 2009 transfer of the Pellisier Ranch property from the General Fund to the Water Fund did not include a property appraisal. The intent of the transaction was to unwind the 2005 transfer of the Pellisier Ranch property from the Water Fund to the General Fund per supporting information issued to the City and the RPU Board.

The City complied with the requirements of the City of Riverside Administrative Manual Number 08.003.00 *Disposition and Sale of City Owned Real Property* in the transfers of all Northside properties. The Administrative Manual does not require appraisals to be made for transfers of property.

The City complied with the requirements of City Charter Section 1204 in the Northside Property transactions. Section 1204 (e) allows the use of utility revenues for the capital expenditures of such utility. Land is a capital expenditure.

The City complied with the requirements of Proposition 218 in the Northside Property transactions. There was not a tax, property-related assessment or property-related fee imposed for the transactions.

The City complied with the requirements of Proposition 26 in the Northside Property transactions. There were no levies, charges or exactions involved with the transactions.