



# 2019 RIVERSIDE PUBLIC UTILITIES FINANCIAL REPORT

## RIVERSIDE PUBLIC UTILITIES

Board of Public Utilities  
December 9, 2019

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## INDEPENDENT AUDITORS' REPORT HIGHLIGHTS

1. 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, 2019

|                              | Electric         | Water           |
|------------------------------|------------------|-----------------|
| <b>Net Retail Revenues</b>   | <b>\$304.2 M</b> | <b>\$57.6 M</b> |
| <b>Capital Improvements</b>  | <b>\$42.2 M</b>  | <b>\$21.5 M</b> |
| <b>General Fund Transfer</b> | <b>\$39.9 M</b>  | <b>\$6.6 M</b>  |
| <b>Financial Metrics</b>     |                  |                 |
| Operating Ratio              | 79.2%            | 69.1%           |
| Unrestricted Current Ratio   | 10.5             | 7.2             |
| Debt to Total Asset Ratio    | 49.1%            | 43.1%           |
| Debt Service Coverage Ratio  | 2.23             | 1.67            |
| <b>Ratings</b>               | <b>AA-</b>       | <b>AAA</b>      |



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## UNRESTRICTED, UNDESIGNATED CASH RESERVES

June 30, 2019

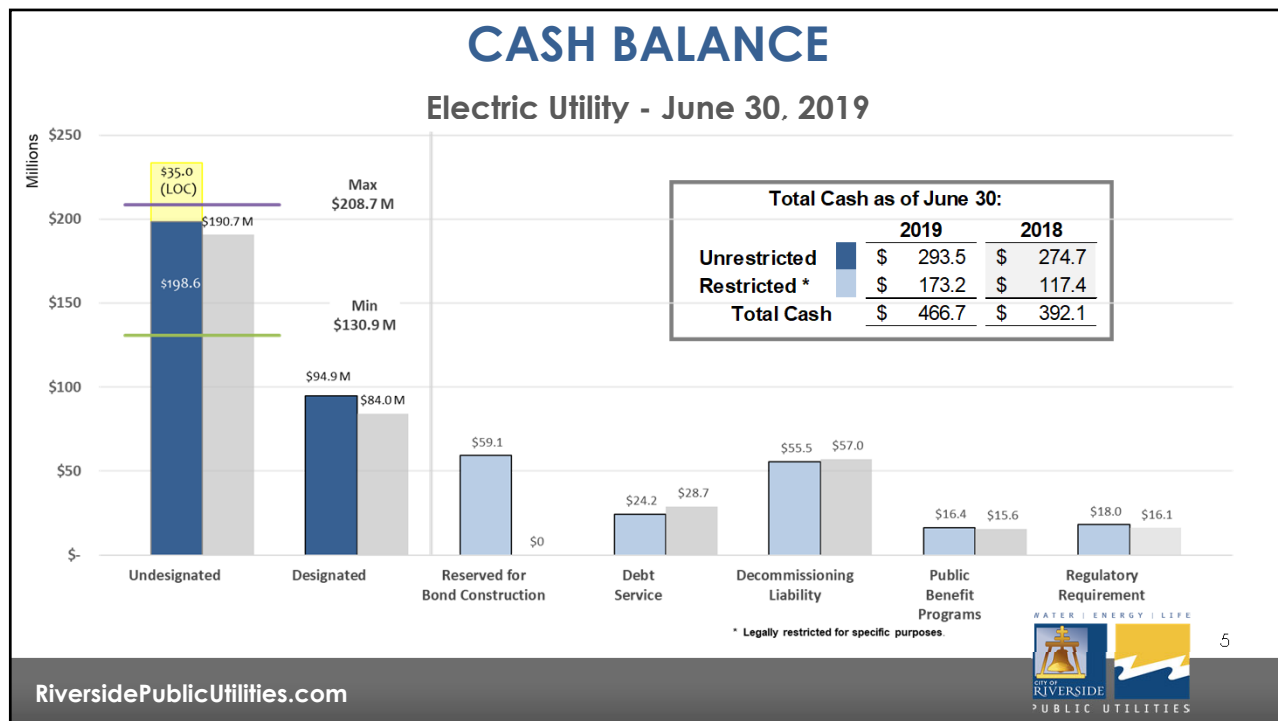
|                                   | Electric | Water  |
|-----------------------------------|----------|--------|
| Beginning Balance – 7/1/2018      | \$191 M  | \$37 M |
| Ending Balance – 6/30/2019        | \$199 M  | \$32 M |
| Available Line of Credit (LOC)    | \$35 M   | \$25 M |
| Minimum Reserve Level – 6/30/2019 | \$131 M  | \$39 M |
| Maximum Reserve Level – 6/30/2019 | \$209 M  | \$59 M |
| Met Policy Requirements           | ✓        | ✓      |

Water Fund's unrestricted, undesignated reserve balance combined with the line of credit in compliance with RPU Cash Reserve Policy, at 6/30/2019 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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## DESIGNATED RESERVES

### Electric Utility - June 30, 2019

| In Millions                          | June 30, 2019  | June 30, 2018  |
|--------------------------------------|----------------|----------------|
| Customer Deposits                    | \$ 4.6         | \$ 4.6         |
| Capital Repair and Replacement       | 3.2            | 4.9            |
| Electric Reliability                 | 72.7           | 62.8           |
| Mission Square Improvement           | 1.5            | 1.2            |
| Additional Decommissioning Liability | 9.9            | 8.2            |
| Bond Defeasance                      | 0.0            | 0.0            |
| Dark Fiber                           | 3.0            | 2.3            |
| <b>Total</b>                         | <b>\$ 94.9</b> | <b>\$ 84.0</b> |

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WATER | ENERGY | LIFE  
CITY OF RIVERSIDE  
PUBLIC UTILITIES

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## CONDENSED STATEMENT OF CHANGES IN NET POSITION

### Electric Utility - June 30, 2019

|  | 2019           | 2018           | 2017           |
|--|----------------|----------------|----------------|
| <b>Revenues:</b>   |                |                |                |
| Retail sales, net  | \$ 304,172     | \$ 305,069     | \$ 308,781     |
| Wholesale sales  | 344            | 2              | 9              |
| Transmission revenues  | 35,730         | 37,484         | 35,497         |
| Investment income  | 13,372         | 2,567          | 1,809          |
| Other revenues   | 17,397         | 18,922         | 20,493         |
| Public Benefit Programs  | 9,292          | 8,860          | 8,880          |
| Capital contributions  | 6,383          | 20,182         | 19,084         |
| <b>Total revenues</b>  | <b>386,600</b> | <b>393,986</b> | <b>395,153</b> |
| <b>Expenses:</b>   |                |                |                |
| Production and purchased power   | 155,264        | 136,423        | 132,349        |
| Transmission   | 64,443         | 62,981         | 59,497         |
| Distribution   | 56,729         | 67,436         | 59,906         |
| Public Benefit Programs  | 8,933          | 7,820          | 7,602          |
| Depreciation   | 34,471         | 33,585         | 32,642         |
| Interest expenses and fiscal charges                                     | 25,053         | 24,129         | 25,340         |
| <b>Total expenses</b>  | <b>346,893</b> | <b>332,374</b> | <b>317,336</b> |
| Transfers to the City's general fund                                     | (39,886)       | (40,073)       | (39,230)       |
| Changes in net position  | (89)           | 21,539         | 38,587         |
| Net position, July 1, as previously reported                             | 505,412        | 484,201        | 445,614        |
| Less: Cumulative effect of change in accounting principle <sup>(1)</sup> | 5,409          | (328)          | -              |
| Net position, July 1, as restated  | 510,821        | 483,873        | 445,614        |
| Net position, June 30  | \$ 510,732     | \$ 505,412     | \$ 484,201     |

<sup>(1)</sup> For the implementation of postemployment benefits other than pensions, GASB Statement No. 75, for the year ended June 30, 2018, and restatement of pension allocation, GASB Statement No. 68, for the year ended June 30, 2010.

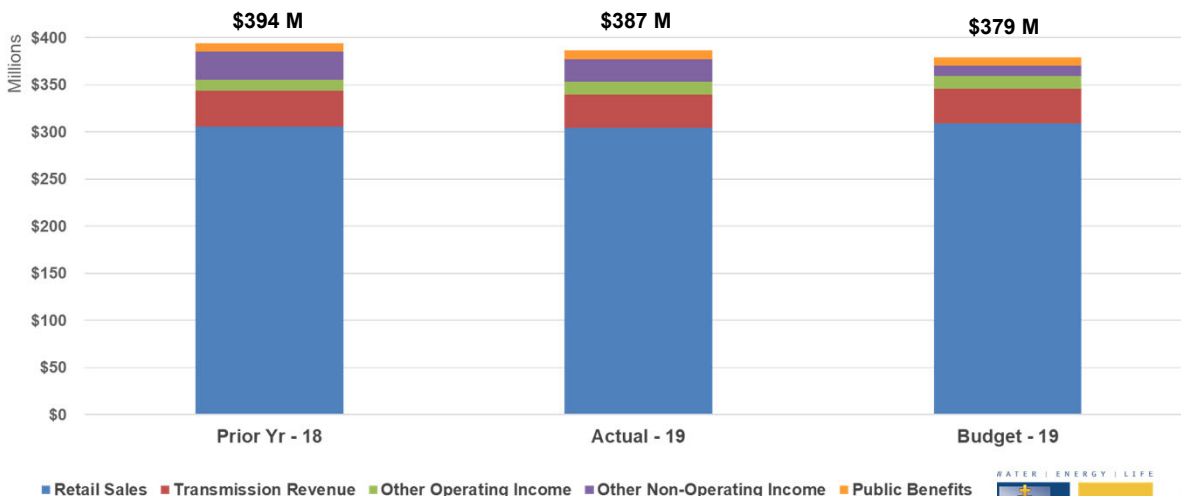


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## TOTAL REVENUES COMPARISON

### Electric Utility - June 30, 2019

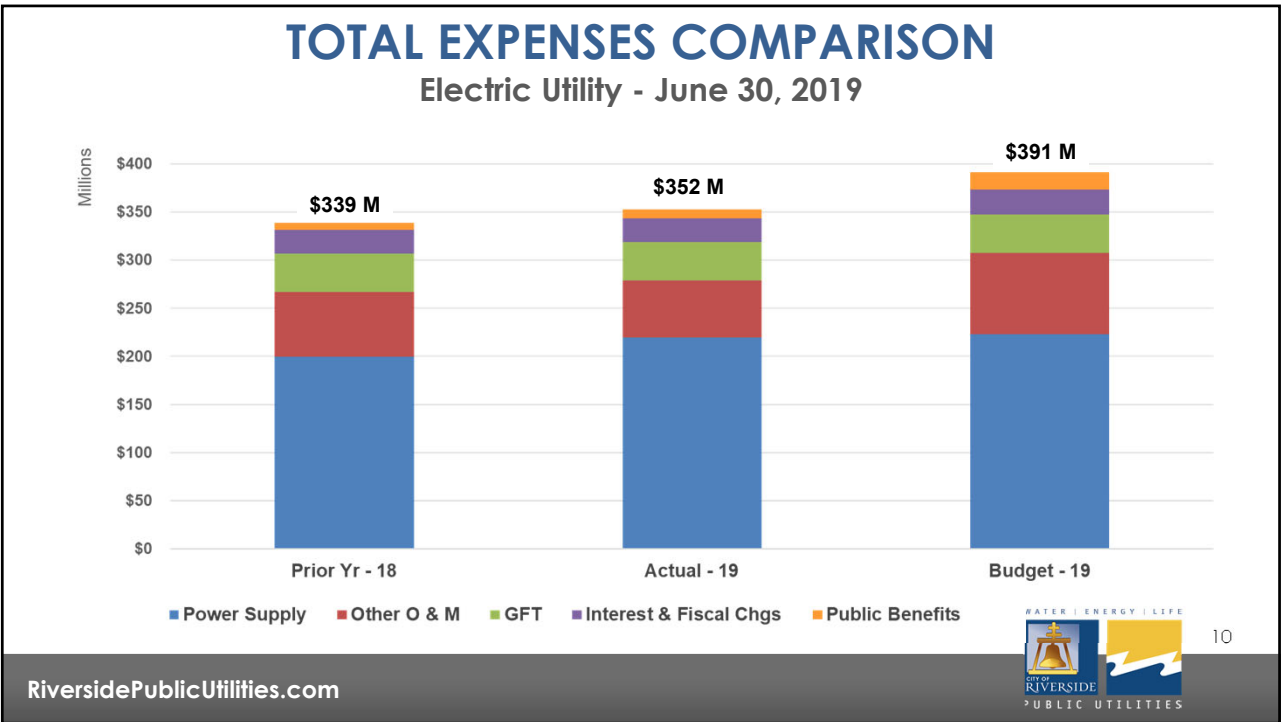
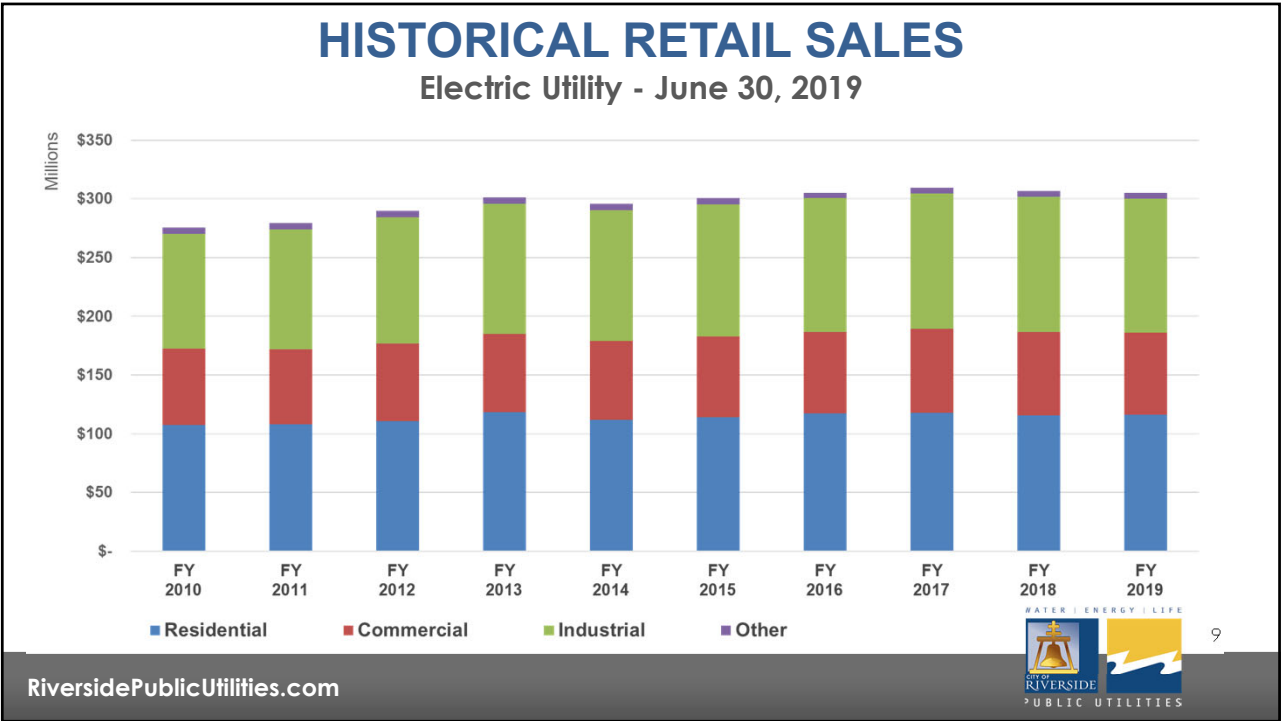


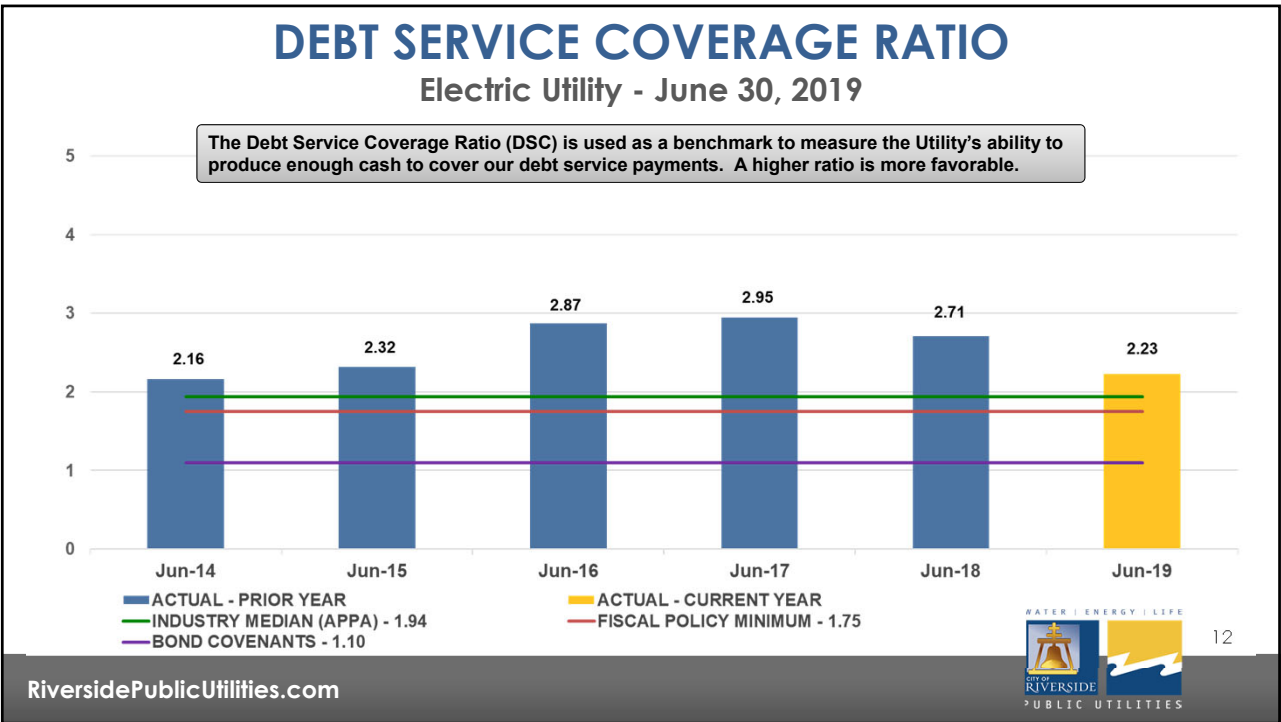
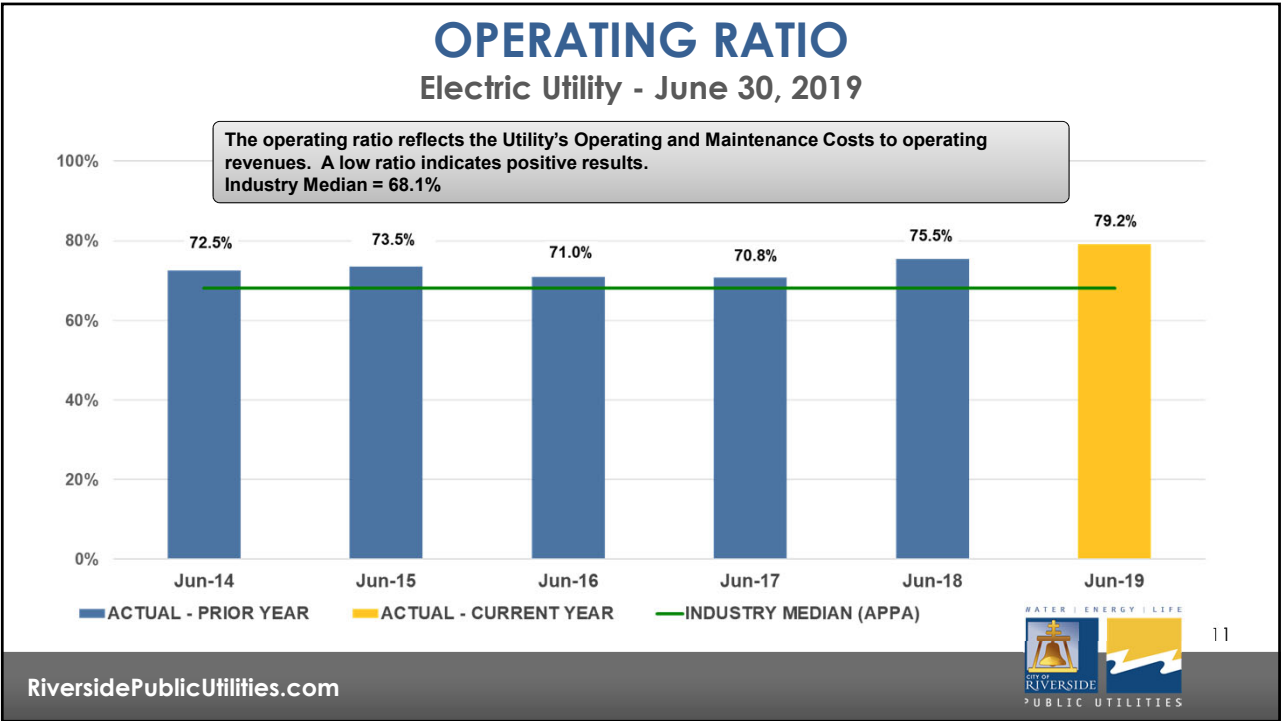
■ Retail Sales ■ Transmission Revenue ■ Other Operating Income ■ Other Non-Operating Income ■ Public Benefits

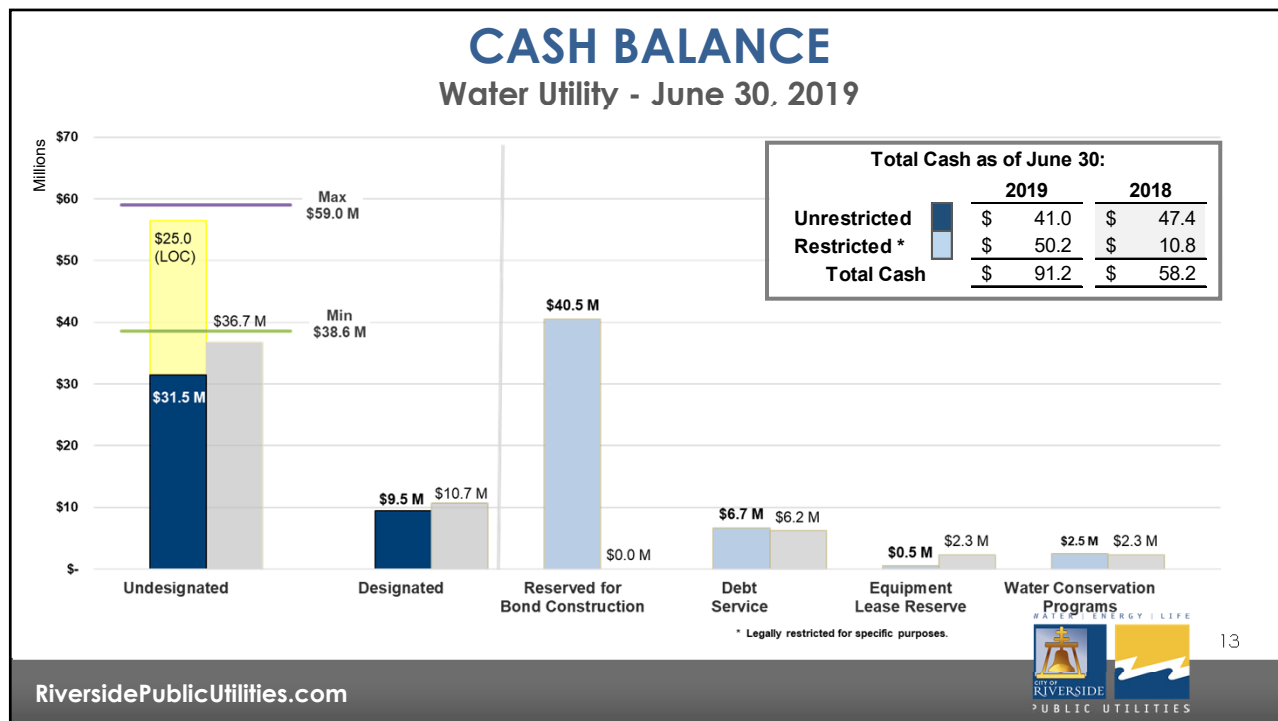


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## DESIGNATED RESERVES

### Water Utility - June 30, 2019

| In Millions                    | June 30, 2019 | June 30, 2018  |
|--------------------------------|---------------|----------------|
| Customer Deposits              | \$ 0.6        | \$ 0.6         |
| Capital Repair and Replacement | 2.3           | 2.2            |
| Recycled Water                 | 1.5           | 2.9            |
| Property                       | 5.1           | 5.0            |
| <b>Total</b>                   | <b>\$ 9.5</b> | <b>\$ 10.7</b> |

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## CONDENSED STATEMENT OF CHANGES IN NET POSITION

### Water Utility - June 30, 2019

|  | 2019              | 2018              | 2017              |
|--|-------------------|-------------------|-------------------|
| <b>Revenues:</b>   |                   |                   |                   |
| Retail sales, net  | \$ 57,605         | \$ 58,216         | \$ 54,566         |
| Other revenues   | 10,530            | 11,463            | 9,930             |
| Investment income  | 2,044             | 250               | 17                |
| Capital contributions  | 3,119             | 4,181             | 3,525             |
| <b>Total revenues</b>  | <b>73,298</b>     | <b>74,110</b>     | <b>68,068</b>     |
| <b>Expenses:</b>   |                   |                   |                   |
| Operations and maintenance   | 39,217            | 38,978            | 34,070            |
| Purchased energy   | 5,748             | 5,827             | 5,136             |
| Depreciation   | 15,450            | 14,914            | 14,320            |
| Interest expenses and fiscal charges                                     | 10,412            | 8,435             | 8,663             |
| <b>Total expenses</b>  | <b>70,827</b>     | <b>68,152</b>     | <b>62,189</b>     |
| <b>Transfers:</b>  |                   |                   |                   |
| Transfers to the City's general fund                                     | (6,584)           | (6,173)           | (5,673)           |
| <b>Total transfers</b>   | <b>(6,584)</b>    | <b>(6,173)</b>    | <b>(5,673)</b>    |
| <b>Changes in net position</b>   | <b>(4,113)</b>    | <b>(215)</b>      | <b>206</b>        |
| Net position, July 1, as previously reported                             | 305,078           | 305,418           | 305,212           |
| Less: Cumulative effect of change in accounting principle <sup>(1)</sup> | 1,736             | (125)             | -                 |
| Net position, July 1, as restated  | 306,814           | 305,293           | 305,212           |
| <b>Net position, June 30</b>   | <b>\$ 302,701</b> | <b>\$ 305,078</b> | <b>\$ 305,418</b> |

<sup>(1)</sup> For the implementation of postemployment benefits other than pensions, GASB No. 75.

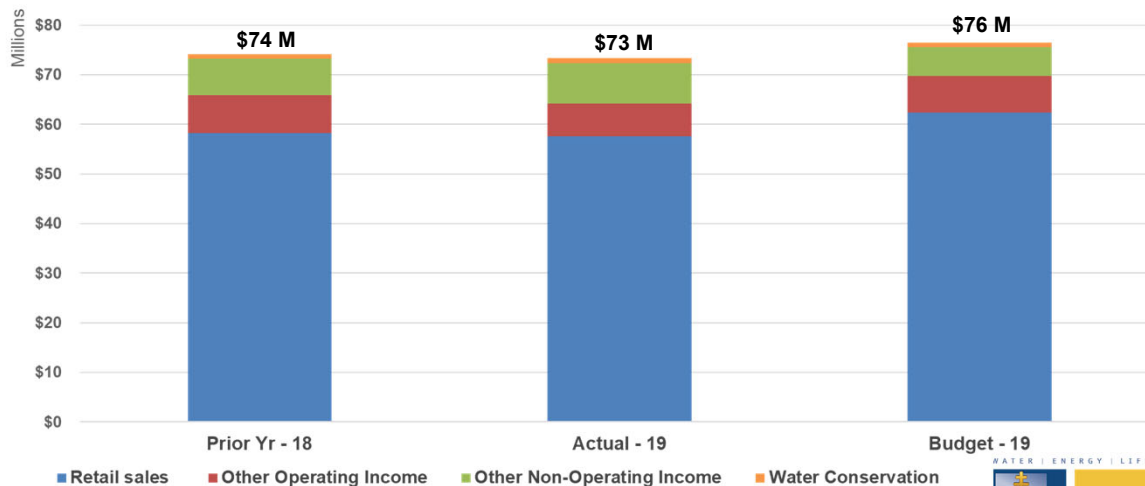


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## TOTAL REVENUES COMPARISON

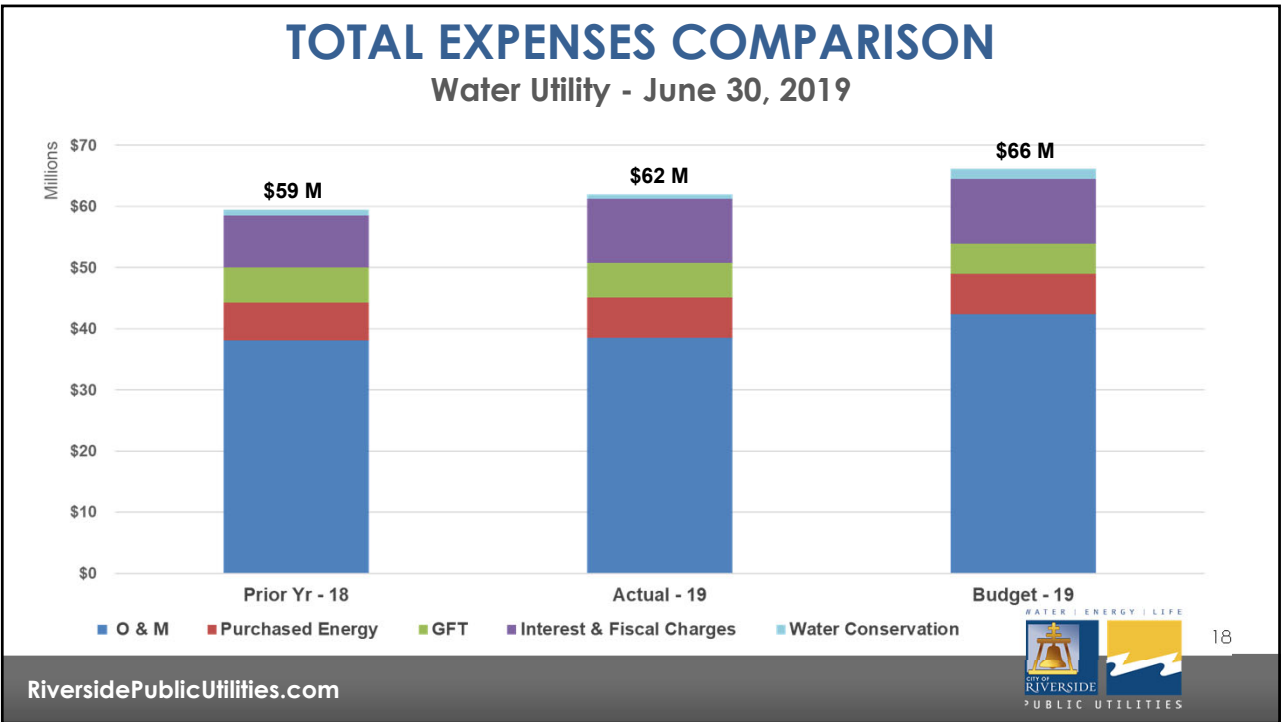
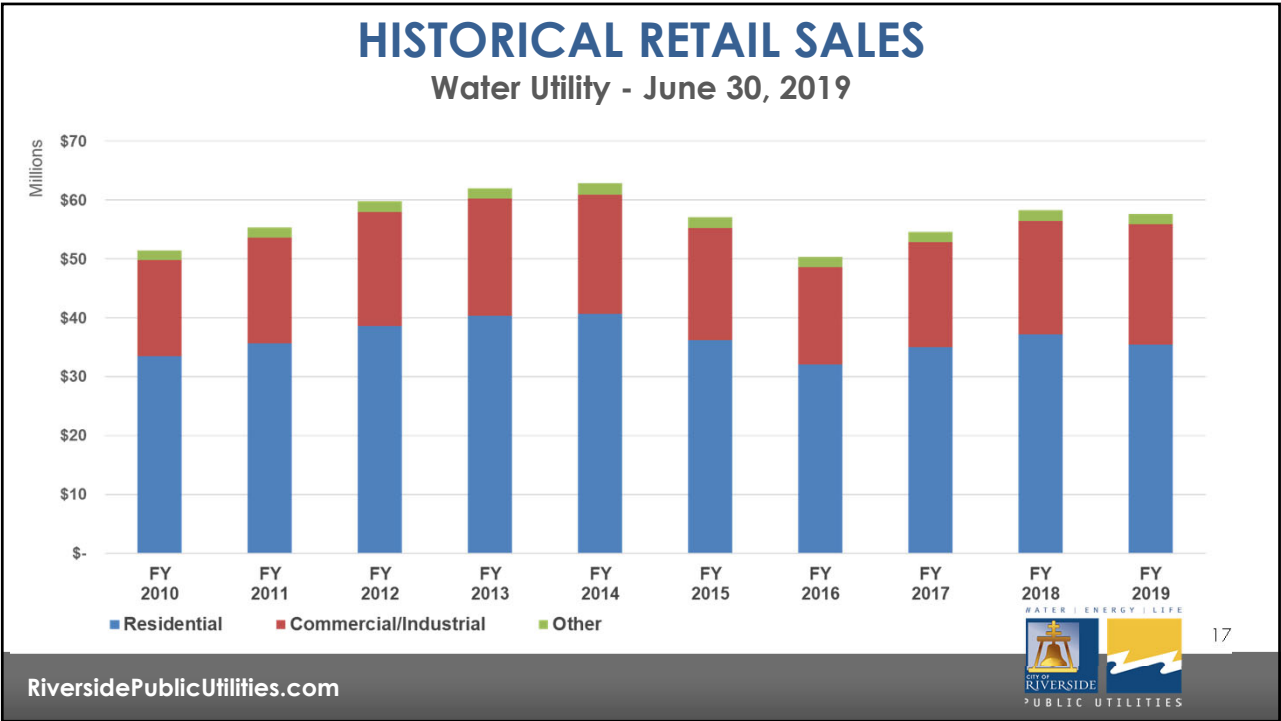
### Water Utility - June 30, 2019



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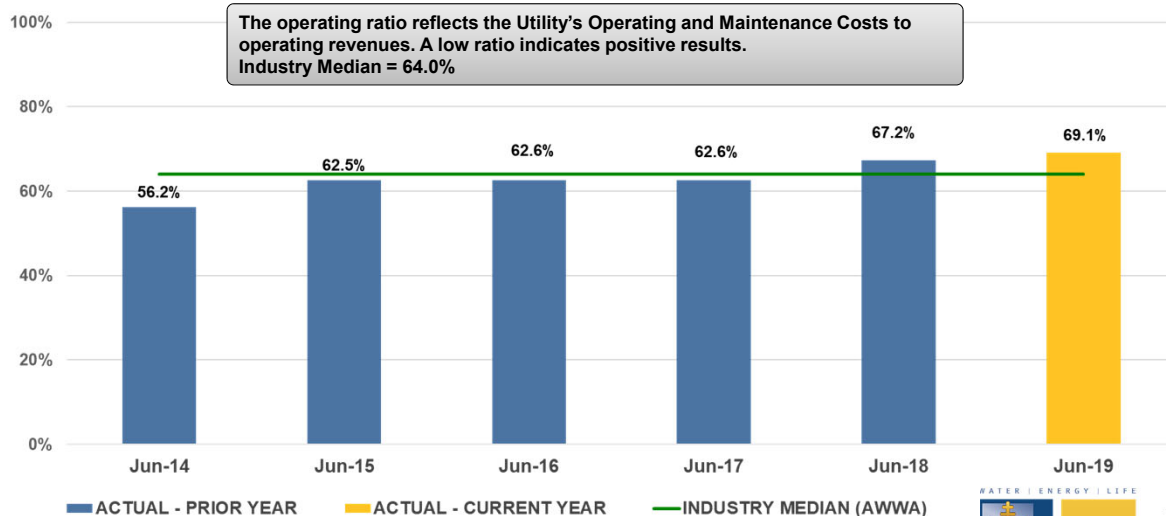
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## OPERATING RATIO

Water Utility - June 30, 2019



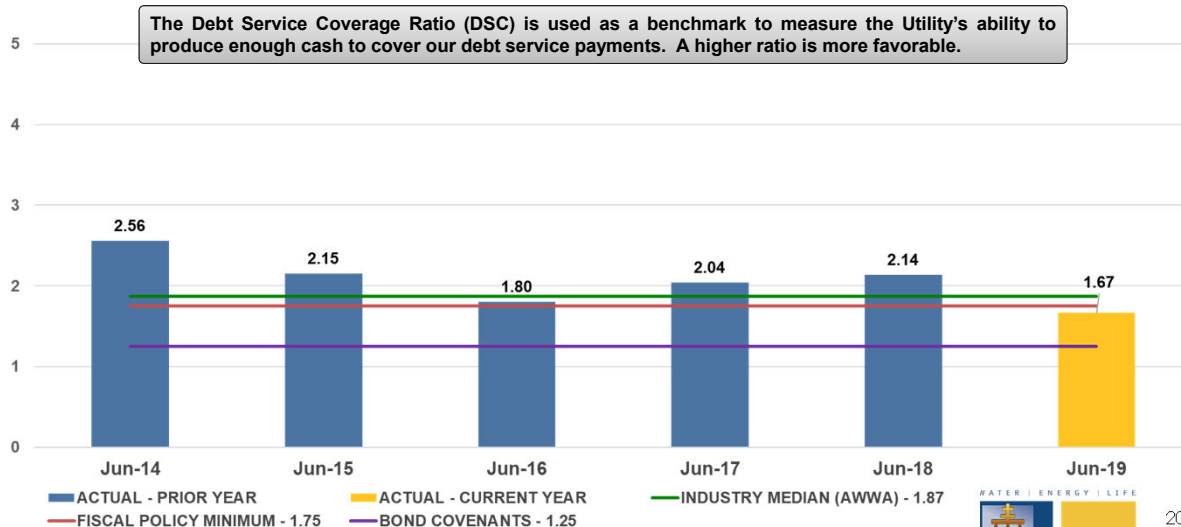
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## DEBT SERVICE COVERAGE RATIO

Water Utility - June 30, 2019

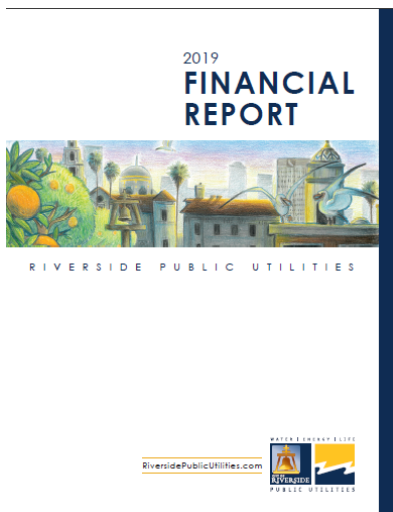


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## 2019 ANNUAL REPORT



- Full report published on the City's Website

<https://riversideca.gov/utilities/about-rpu/annual-reports.asp>

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## RECOMMENDATION

That the Board of Public Utilities receive and file the Riverside Public Utilities 2019 Financial Report for the fiscal year ending June 30, 2019.

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