

10 CFR 50.71

January 26, 2010

U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D. C. 20555

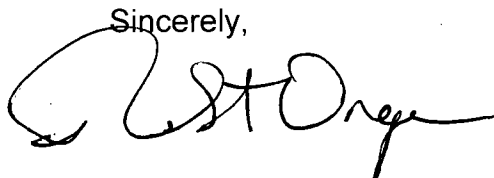
Subject: **Docket Nos. 50-361 and 50-362**
Annual Corporate Financial Reports
San Onofre Nuclear Generating Station Units 2 and 3

Dear Sir or Madam:

In accordance with the requirements of 10 CFR Part 50, Section 50.71(b), enclosed are copies of the annual financial reports for the licensees of the San Onofre Nuclear Generating Station, Units 2 and 3, who do not submit a Form 10-Q with the Securities and Exchange Commission or a Form 1 with the Federal Energy Regulatory Commission: the City of Riverside, California (for the fiscal year ending June 30, 2009); and the City of Anaheim, California (for the fiscal year ending June 30, 2009). Each report includes the appropriate certified financial statement required by Section 50.71(b).

If you have any questions or require additional information, please contact Ms. Linda Conklin at 949-368-9443.

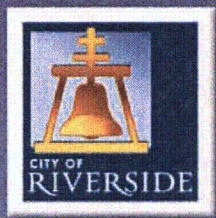
Sincerely,



Enclosures

cc: E. E. Collins, Regional Administrator, NRC Region IV
R. Hall, NRC Project Manager, San Onofre Units 2 and 3
G. G. Warnick, NRC Senior Resident Inspector, San Onofre Units 2 and 3

M004
NRR



Comprehensive Annual Financial Report

Year Ended June 30, 2009



The City of Riverside, CA

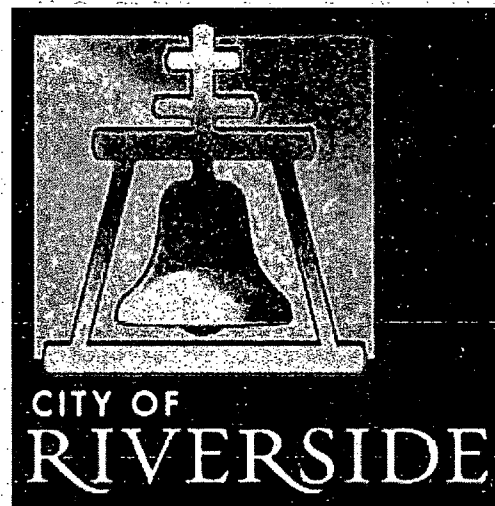


CITY OF RIVERSIDE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2009

Prepared by the City Manager's Office – Finance Division
Paul C. Sundeen, Assistant City Manager/Chief Financial Officer

3900 Main Street, Riverside, California 92522 (951) 826-5660

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**CITY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2009**

TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Letter of Transmittal.....	i
GFOA Certificate of Achievement.....	v
Legislative and City Officials.....	vi
Organization Chart.....	vi
 FINANCIAL SECTION	
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	21
Statement of Activities.....	22
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	23
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Assets.....	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	26
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	27
Statement of Net Assets – Proprietary Funds.....	28
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	30
Statement of Cash Flows – Proprietary Funds.....	31
Statement of Fiduciary Net Assets – Fiduciary Fund – Agency Fund.....	33
Notes to Financial Statements.....	34
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	65
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds.....	67
Combining Statement of Net Assets – Nonmajor Enterprise Funds.....	71
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds.....	73

**CITY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2009**

TABLE OF CONTENTS

FINANCIAL SECTION (CONT.)

Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	74
Combining Statement of Net Assets – Internal Service Funds.....	77
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds.....	78
Combining Statement of Cash Flows – Internal Service Funds.....	79
Combining Statement of Changes in Assets and Liabilities – Fiduciary Fund.....	81
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source.....	83
Schedule by Function and Activity.....	84
Schedule of Changes by Function and Activity.....	85

STATISTICAL SECTION

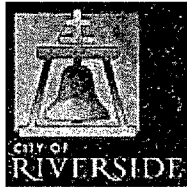
Table

1	Net Assets by Component – Last Nine Fiscal Years.....	87
2	Changes in Net Assets – Last Nine Fiscal Years.....	88
3	Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	90
4	Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	92
5	Business-Type Activities Electricity Revenues By Source – Last Nine Fiscal Years.....	93
6	Governmental Activities Tax Revenues By Source – Last Nine Fiscal Years.....	94
7	Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	95
8	Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years.....	96
9	Principal Property Taxpayers – Current Year and Nine Years Ago.....	97
10	Property Tax Levies and Collections – Last Seven Fiscal Years.....	98
11	Electricity Sold by Type of Customer – Last Ten Fiscal Years.....	99
12	Electricity Rates – Last Ten Fiscal Years.....	100
13	Top 10 Electricity Customers – Current Year and Nine Years Ago.....	101
14	Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	102
15	Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	104
16	Direct and Overlapping Debt.....	105
17	Legal Debt Margin Information – Last Ten Fiscal Years.....	106
18	Pledged-Revenue Coverage Governmental Activity Debt – Last Ten Fiscal Years.....	107
19	Pledged-Revenue Coverage Business Type Activity Debt – Last Ten Fiscal Years.....	108
20	Demographic and Economic Statistics – Last Ten Fiscal Years.....	109
21	Principal Employers – Current Year and Nine Years Ago.....	110
22	Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years.....	111

**CITY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2009**

TABLE OF CONTENTS

STATISTICAL SECTION (CONT.)		Page
<u>Table</u>		
23	Operating Indicators by Function – Last Ten Fiscal Years.....	112
24	Capital Asset Statistics by Function – Last Ten Fiscal Years.....	113
25	Cash Debt Reserves Tax Allocation Bonds – Last Ten Fiscal Years.....	114



October 29, 2009

To the Honorable Mayor, Members of the City Council and Citizens of the City of Riverside:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Riverside (the City) for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Mayer Hoffman McCann P.C., a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2009. The independent auditor's report is presented as the first component of the financial section of this CAFR.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with emphasis on those involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

Management has provided an overall analysis of the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Riverside

The City of Riverside, incorporated on October 11, 1883, is located in the western portion of Riverside County about 60 miles east of Los Angeles. The City currently occupies a land area of 81.53 square miles.

The City operates under the council-manager form of government, with a seven-member council elected by ward for four-year overlapping terms. The mayor is elected at large for a four-year term and is the presiding officer of the Council, but does not have a vote except in the case of a tie. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments. The Council is elected on a non-partisan basis.

The City provides a full range of services which include general government, public safety (police, fire, disaster preparedness and building inspection), construction and maintenance of highways and streets, economic development, culture and recreation, electric, water, airport, refuse, sewer, and senior citizen/handicap transportation. In addition to general City activities, the Council is financially accountable for the Riverside Redevelopment Agency, Riverside Housing Authority, Riverside Public Financing Authority and the Riverside Municipal Improvements Corporation; therefore, these entities are included as an integral part of the City's financial statements. Additional information on these legally separate entities can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review at least thirty-five calendar days prior to the beginning of each fiscal year. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, which is the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 27 as part of the basic financial statements for the governmental funds. For governmental funds other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which begins on page 67.

Local economy: The City located in the Inland Empire, which consists of Riverside and San Bernardino Counties (the "MSA"). The population of the Inland Empire at approximately 4.12 million is larger than 25 states. The City leads the Inland Empire in most measures of economic power, including population, income, employment, bank deposits, assessed valuation, office space and college enrollment. The population of the City is 300,096, which places it as the sixth largest in Southern California.

Until recently the MSA has experienced a very strong economic environment. However, unemployment is currently at 14.1%; about 10,000 jobs have been lost during the past year. The budget for the City for fiscal year 2009/2010 projects an 8% drop in revenue, which includes a planned use of \$2 million of available fund balance. Reduced expenditures are being achieved by selectively not filling vacant positions and carefully monitoring all expenditures, with all services continuing.

The MSA is projected to grow rapidly in future years because land values remain well below those in Los Angeles, Orange and San Diego Counties. Among the City's challenges is a lack of available space for manufacturing and industrial development within current boundaries.

Priorities for the future: A Citywide Strategic Planning document has been developed through a series of meetings, workshops, and surveys with the community, elected officials, and City employees. The plan, as updated, sets forth five goals as follows:

- **Economic Development**
- **Environmental Leadership**
- **Transportation**
- **Livable Communities and Neighborhoods**
- **Arts and Culture**

Long-term financial planning. Annually, the City updates a five (5) year Capital Improvement Program (CIP). Planned capital expenditures during fiscal years 2009/10 - 2013/14 total \$1.05 billion. The level of capital improvements is significantly greater than the historical level. The projects encompass all seven Council wards and enhance the life of all residents. Funding comes from multiple sources, including existing funds; General Fund certificates of participation; Redevelopment Agency tax allocation bonds; and regional, state and federal funds. In addition to routine electric, water, sewer and transportation-related projects, the CIP includes improvements to parks in the City; railroad grade separations; library, museum, convention center and Municipal Auditorium improvements/expansions/rehabilitations; and, public safety projects.

Cash management policies and practices. Cash temporarily idle during the year was invested principally in federal agency securities, money market funds and medium term notes. The maturities of the investments do not exceed five (5) years, with the average maturity not exceeding three (3) years. All securities are held in third party safekeeping by Union Bank of California as agent for the City. All transactions originated and authorized by the City are transacted on a delivery versus payment (DVP) basis in order to perfect delivery. The average yield on the investments was 4.3% for the fiscal year.

Risk management. Risk exposures to the assets of the City are managed through a combination of self-insured retention and insurance coverage. The City believes it has current assets adequate to cover the actuarially determined liability for general liability and workers' compensation claims, including estimated claims incurred but not reported, as they become payable. The City maintains excess liability insurance to provide coverage beyond a self-insured retention of \$3,000,000 per occurrence for both general liability and workers' compensation.

Pension benefits. The City provides pension benefits for all employees through a statewide plan managed by the California Public Employees Retirement System (CalPERS). The City has no obligation in connection with employee benefits offered through this plan

beyond its annual contractual payment to CalPERS. Additional information on the plan can be found in Note 14 in the notes to the financial statements.

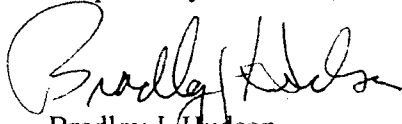
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Riverside for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the twenty first consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.

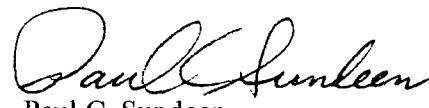
This award is valid for a period of one year only. We believe that our current CAFR continues to meet the Program's requirements and we are submitting it to the GFOA again this year.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Division, particularly the leadership of Brent Mason, Assistant Finance Director. We would like to express our appreciation to all members of the Division who assisted and contributed to its preparation. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Bradley J. Hudson
City Manager



Paul C. Sundeen
Assistant City Manager/CFO/Treasurer

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Riverside
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R.", is written over the word "President".

President

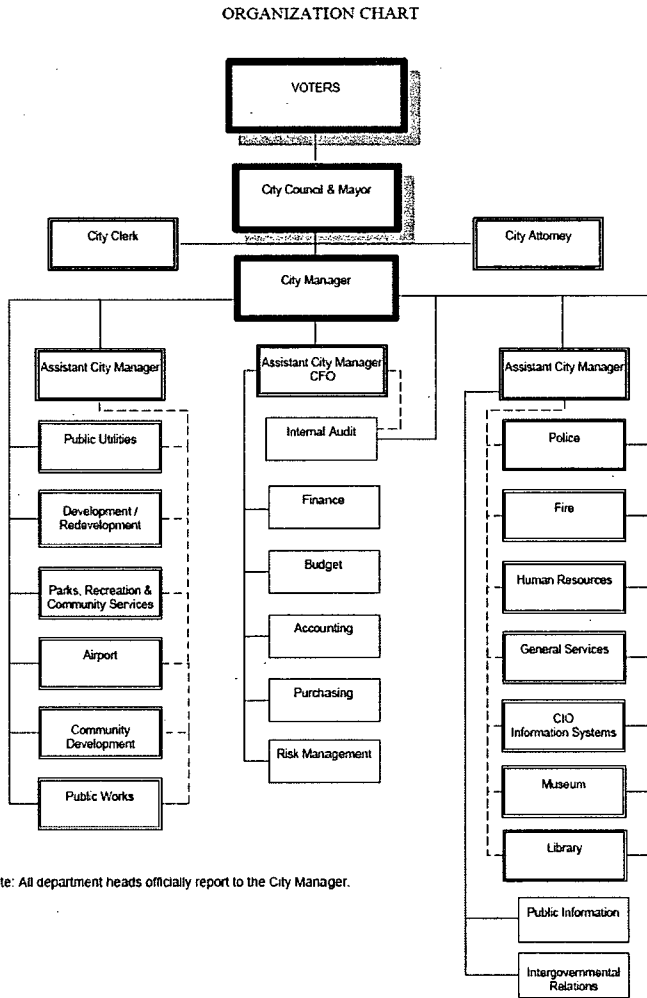
A handwritten signature in black ink, appearing to read "Jeffrey R. Enos", is written over the name "Jeffrey R. Enos".

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Riverside for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.



LEGISLATIVE OFFICIALS

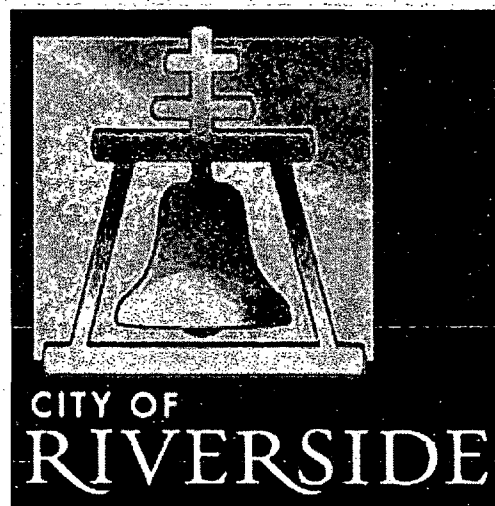
Ronald O. Loveridge.....Mayor
 Mike GardnerCouncilmember – Ward 1
 Andy Melendrez.....Councilmember – Ward 2
 Rusty BaileyCouncilmember – Ward 3
 Paul Davis.....Councilmember – Ward 4
 Chris Mac Arthur.....Councilmember – Ward 5
 Nancy Hart.....Councilmember – Ward 6
 Steve Adams.....Councilmember – Ward 7

CITY OFFICIALS

Bradley J. Hudson.....City Manager*
 Belinda Graham.....Assistant City Manager
 Tom DeSantis.....Assistant City Manager
 Paul C. Sundeen.....Assistant City Manager/CFO

Mark S. Ripley.....Airport Director
 Colleen J. Nicol.....City Clerk*
 Gregory P. Priamos.....City Attorney*
 Tom Boyd.....City Engineer
 Russ Leach.....Chief of Police
 Steve Reneker.....Chief Information
 Scott Barber.....Community Development Director
 Deanna Lorson.....Development Director
 Steve Earley..... Fire Chief
 Kris Martinez.....General Services
 Rhonda Strout..... Human Resources
 Leonard Hernandez.....Library Director
 Ennette Morton.....Museum Director
 Ralph Nuñez.....Park and Recreation
 David Wright.....Public Utilities
 Siobhan Foster.....Public Works

*Appointed by City Council





Mayer Hoffman McCann P.C.

An Independent CPA Firm

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Honorable Mayor and Members of the City Council
City of Riverside
Riverside, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Riverside, California, (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Riverside, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



Honorable Mayor and Members of the City Council
City of Riverside
Page 2

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman Mc Cann P.C.

San Jose, California
October 29, 2009

Management's Discussion and Analysis

As management of the City of Riverside, we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on page v of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains certain supplementary information.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the excess of assets over liabilities reported as net assets. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business type activities*). The governmental activities of the City include general government, public safety, highways and streets, and culture and recreation. The business type activities of the City include Electric, Water, Sewer, Refuse, Public Parking, Airport and Transportation services.

The government-wide financial statements include the City and its component units. The City's component units are the Riverside Redevelopment Agency, Riverside Housing Authority, Riverside Public Financing Authority, and the Riverside Municipal Improvements Corporation. Although legally separate, these entities function for all practical purposes as departments of the City and therefore have been blended as part of the primary government.

Both the Governmental Activities and the Business Type Activities are presented on the accrual basis of accounting, a basis of accounting that differs from the modified accrual basis of accounting used in presenting governmental fund financial statements. Note 1 of the Notes to the Basic Financial Statements fully describe these bases of accounting. Proprietary funds, discussed below, also follow the accrual basis of accounting.

The government-wide financial statements can be found on pages 21-22 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental funds. *Governmental funds* are used to account for the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* as well as on balances of spendable resources available at the end of the fiscal year.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Reconciliations to facilitate this comparison are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The major reconciling items relate to capital assets and debt. In the Governmental Funds, acquisitions of capital assets are treated as "expenditures" because upon purchase of a capital asset, cash used for the acquisition is no longer available for other purposes. The issuance of debt provides cash, which is now available for specified purposes. Accordingly, at the end of the fiscal year, the unreserved fund balances of the Governmental Funds reflect spendable resources available for appropriation by the City Council. Spendable balances are not presented on the face of the government-wide financial statements.

The City maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Redevelopment Agency Debt Service Fund, the COPS Debt Service Fund, the Capital Outlay Fund, and the Redevelopment Capital Project Fund all of which are major funds. Data from the other twelve governmental funds are combined into a single, aggregated

presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and can be found on pages 63-70 in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 23-27 of this report.

Proprietary funds. The City maintains two different types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as *business type activities* in the government-wide financial statements. The City uses enterprise funds to account for Electric, Water, Sewer, Refuse, Parking, Airport and Transportation services. *Internal service* funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for self-insured insurance programs, central stores and its fleet of vehicles. Because these services predominantly benefit governmental rather than business type functions, they have been included within *governmental activities* in the government-wide financial statements. Internal service funds are presented as proprietary funds because both enterprise and internal service funds follow the accrual basis of accounting.

Proprietary funds provide the same type of information as the government-wide financial statements (*business type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water and Sewer operations, all of which are considered to be major funds of the City. The four remaining proprietary funds noted above are combined into a single, aggregated presentation. All internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major proprietary funds and the internal service funds is provided in the form of *combining statements* and can be found on pages 71-80 in this report.

The basic proprietary fund financial statements can be found on pages 28-32 of this report.

Agency funds. Agency funds are used to account for situations where the City's role is purely custodial. Agency funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All assets reported in agency funds are offset by a liability; the accrual basis of accounting is used to recognize receivables and payables.

The agency fund financial statement can be found on page 33 of this report, and the combining statement can be found on page 81.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 34 of this report.

Government-wide Financial Analysis

The following table presents a summarization of the City's assets, liabilities and net assets for its governmental and business type activities. As noted earlier, a government's net asset position may serve over time as a useful indicator of its financial position.

	Governmental Activities		Business type Activities		Total	
	2009	2008*	2009	2008	2009	2008*
Current and other assets	\$ 692,258	\$ 767,115	\$ 555,210	\$ 658,446	\$ 1,247,468	\$ 1,425,561
Capital assets, net	<u>1,114,814</u>	<u>966,068</u>	<u>1,147,793</u>	<u>1,050,010</u>	<u>2,262,607</u>	<u>2,016,078</u>
Total assets	<u>1,807,072</u>	<u>1,733,183</u>	<u>1,703,003</u>	<u>1,708,456</u>	<u>3,510,075</u>	<u>3,441,639</u>
Current liabilities	117,522	116,917	100,506	102,777	218,028	219,694
Long-term liabilities	<u>682,012</u>	<u>694,278</u>	<u>696,567</u>	<u>735,058</u>	<u>1,378,579</u>	<u>1,429,336</u>
Total liabilities	<u>799,534</u>	<u>811,195</u>	<u>797,073</u>	<u>837,835</u>	<u>1,596,607</u>	<u>1,649,030</u>
Net assets:						
Invested in capital assets, net of related debt	950,496	850,740	659,904	601,999	1,610,400	1,452,739
Restricted	98,903	102,677	38,621	43,341	137,524	146,018
Unrestricted	<u>(41,861)</u>	<u>(31,429)</u>	<u>207,405</u>	<u>225,281</u>	<u>165,544</u>	<u>193,852</u>
Total net assets	<u>\$1,007,538</u>	<u>\$921,988</u>	<u>\$905,930</u>	<u>\$870,621</u>	<u>\$1,913,468</u>	<u>\$1,792,609</u>

* Certain reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

The City's assets exceeded liabilities by \$1,913,468 at June 30, 2009, an increase of \$120,859 from June 30, 2008.

By far the largest portion of the City's net assets (84 percent) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure), net of any related debt that is still outstanding used to acquire those assets and net of unspent bond proceeds and cash held in bond reserve accounts. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

An additional portion of the City's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$207,405 is held by the business type activities; and negative \$41,861 is held by the governmental activities. The Riverside Redevelopment Agency (the Agency), a blended component unit of the City, represents \$62,115 of negative unrestricted net assets for 2009 and was a negative \$56,792 in the prior year. The remaining governmental activities of the City have positive

unrestricted net assets of \$20,254 in 2009 and positive \$25,363 in 2008. This decrease in unrestricted net assets is primarily due to an increase in expenses paid out of unrestricted net assets.

The Agency exists to finance improvements that serve to remediate blight within the City. Often these activities do not result in a residual asset, but rather underwrite the cost of a development activity deemed beneficial in meeting the Agency's objectives. The resulting statement of net assets reflects the debt obligation to be repaid through future tax revenues, without an offsetting asset. While this is the routine functioning of such an entity, when blended with the City, its negative unrestricted net assets causes the governmental activities to report a negative position.

The City's total net assets increased by \$120,859 during the current fiscal year, which reflects the growth in both the governmental (\$85,550) and business type (\$35,309) activities. This is primarily due to continued investment by the City in its infrastructure, which is largely funded by grants and dedicated revenue sources.

The following is a condensed summary of activities of the City's governmental and business type operations for the period ended June 30, 2009 with the prior fiscal year presented for comparative purposes. Also included in the following analysis are revenue and expense graphs to aid in understanding the results of the current year's activities.

	Governmental Activities		Business Type Activities		Total	
	2009	2008*	2009	2008	2009	2008*
Revenues:						
Program Revenues:						
Charges for services	\$ 39,664	\$ 57,958	\$416,628	\$399,421	\$456,292	\$457,379
Operating Grants and Contributions	23,313	15,024	1,929	3,308	25,242	18,332
Capital Grants and Contributions	69,745	115,982	17,288	29,215	87,033	145,197
General Revenues:						
Sales taxes	41,882	50,526	-	-	41,882	50,526
Property taxes	116,420	114,176	-	-	116,420	114,176
Other taxes and fees	38,589	37,108	-	-	38,589	37,108
Investment income	15,941	25,670	23,402	22,756	39,343	48,426
Other	<u>5,137</u>	<u>9,480</u>	<u>4,590</u>	<u>4,931</u>	<u>9,727</u>	<u>14,411</u>
Total revenues	<u>350,691</u>	<u>425,924</u>	<u>463,837</u>	<u>459,631</u>	<u>814,528</u>	<u>885,555</u>
Expenses:						
General government	102,665	113,897	-	-	102,665	113,897
Public safety	127,350	122,783	-	-	127,350	122,783
Highways and streets	18,731	26,986	-	-	18,731	26,986
Culture and recreation	24,121	31,659	-	-	24,121	31,659
Interest on long-term debt	34,361	34,075	-	-	34,361	34,075
Electric	-	-	269,209	271,412	269,209	271,412
Water	-	-	53,931	47,570	53,931	47,570
Sewer	-	-	34,853	31,209	34,853	31,209
Refuse	-	-	18,425	18,430	18,425	18,430
Airport	-	-	1,734	1,418	1,734	1,418
Transportation	-	-	3,194	3,190	3,194	3,190
Public Parking	-	-	<u>5,095</u>	<u>4,093</u>	<u>5,095</u>	<u>4,093</u>
Total expenses	<u>307,228</u>	<u>329,400</u>	<u>386,441</u>	<u>377,322</u>	<u>693,669</u>	<u>706,722</u>
Increase in net assets and transfers:	43,463	96,524	77,396	82,309	120,859	178,833
Transfers	<u>42,087</u>	<u>32,326</u>	<u>(42,087)</u>	<u>(32,326)</u>	-	-
Increase in net assets	85,550	128,850	35,309	49,983	120,859	178,833
Net assets – beginning	<u>921,988</u>	<u>793,138</u>	<u>870,621</u>	<u>820,638</u>	<u>1,792,609</u>	<u>1,613,776</u>
Net assets – ending	<u>\$1,007,538</u>	<u>\$921,988</u>	<u>\$905,930</u>	<u>\$870,621</u>	<u>\$1,913,468</u>	<u>\$1,792,609</u>

* Certain reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

Governmental activities. Governmental activities increased the City's net assets by \$85,550 accounting for 71 percent of the total change in net assets. The net assets in the prior fiscal year increased by \$128,850. Key elements of this year's activity in relation to the prior year are as follows:

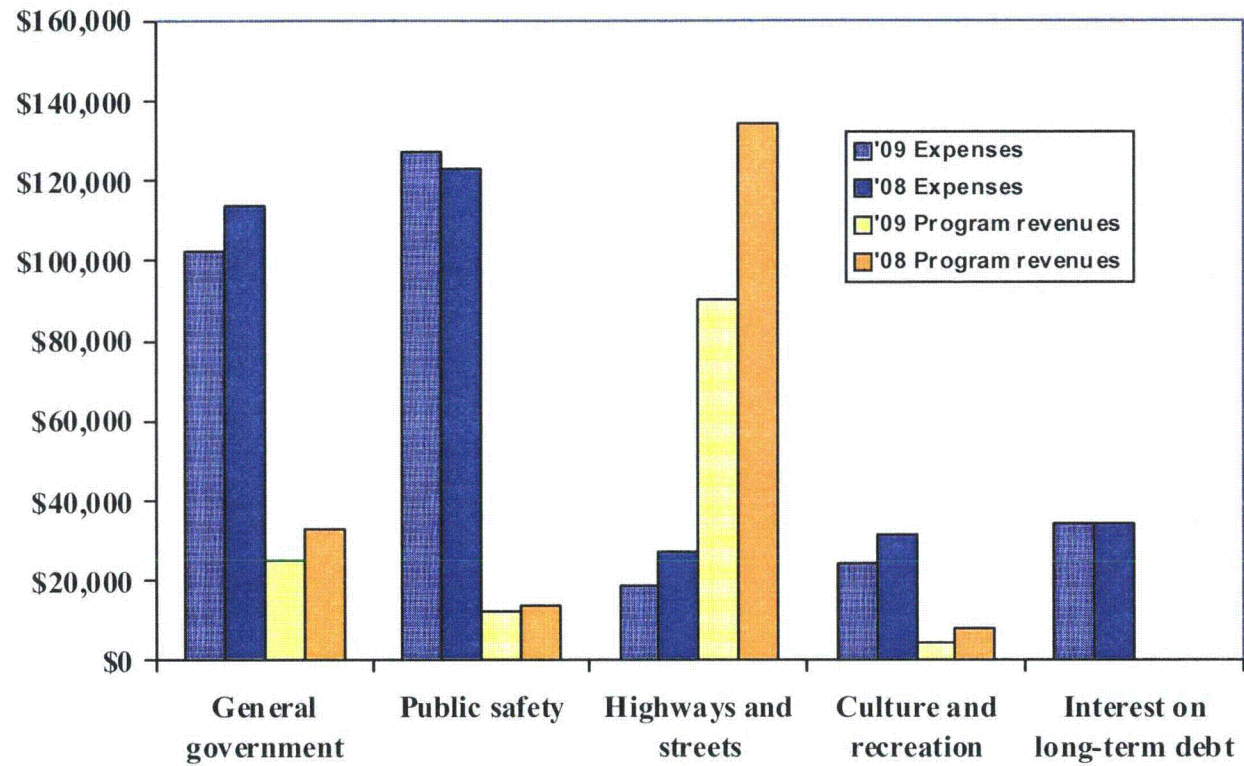
Revenues:

- There was a \$49 million decrease in the amount of fixed assets donated by developers due to the current slowdown in the local construction industry.
- Investment income decreased by \$9,729 (40%) primarily due to a decrease in cash and investments of approximately \$118 million (a 27% decrease from cash and investment balances at 6/30/08). The decrease in cash and investments was primarily due to capital outlays on projects related to the Riverside Renaissance.
- Sales taxes decreased by \$8,644 in 2009 due to the current downturn in the economy.

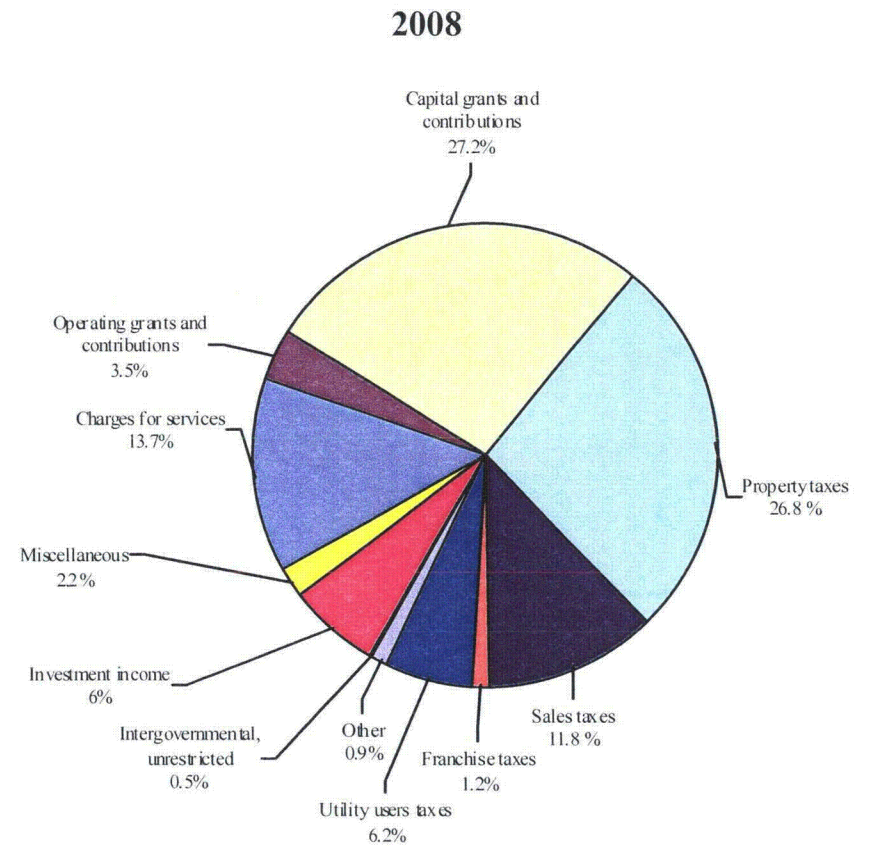
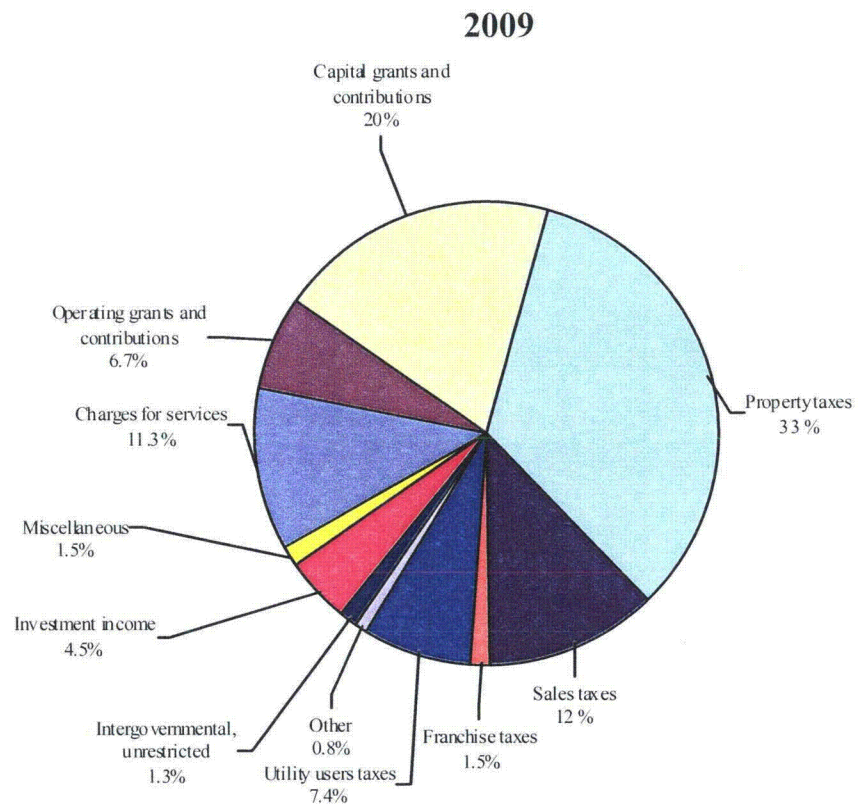
Expenses:

- While variances between years exist for the various expense functions, the total net decrease was approximately \$22 million. The primary reason for this is due to an overall decrease in spending across the various functions in response to reduced revenue resulting from the current downturn in the economy.

Expenses and Programs Revenues – Governmental Activities – Fiscal Year Comparison 2009 vs. 2008



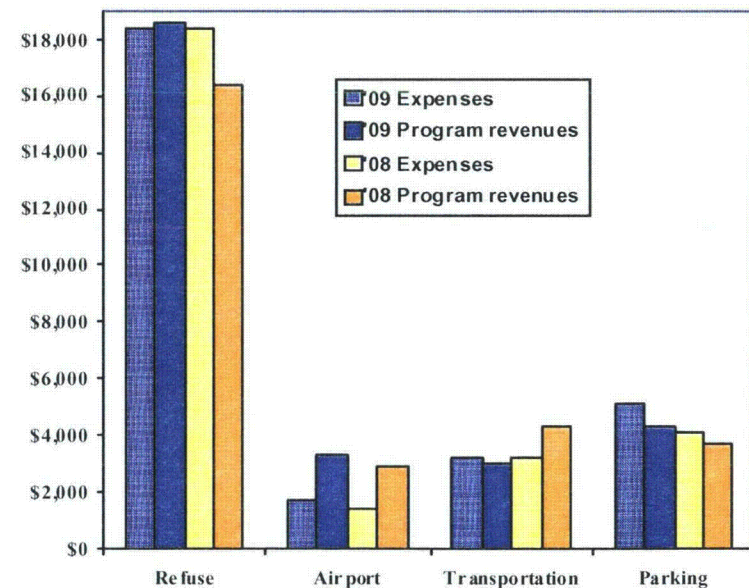
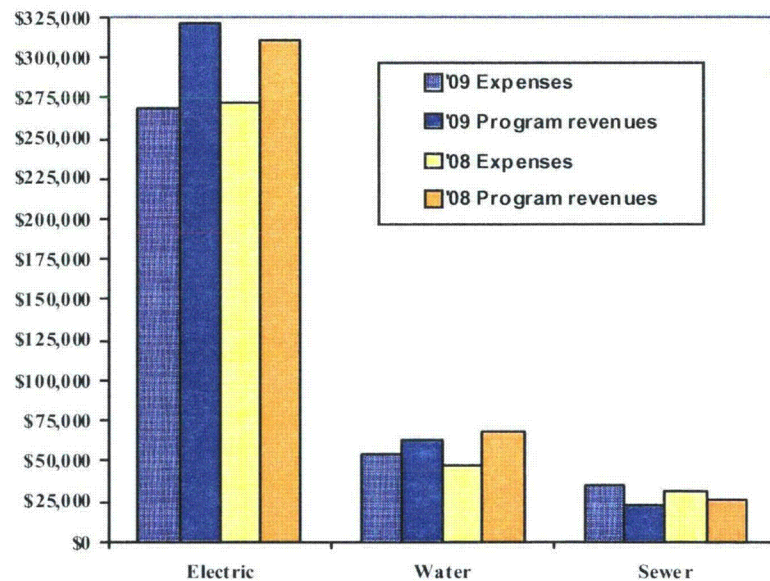
Revenues by Source – Governmental Activities – Fiscal Year Comparison



Business type activities. Business type activities increased the City's net assets by \$35,309, accounting for 29 percent of the total change in net assets. The net assets of business type activities increased by \$49,983 in the prior year. Key elements of this year's increase in relation to the prior year are as follows:

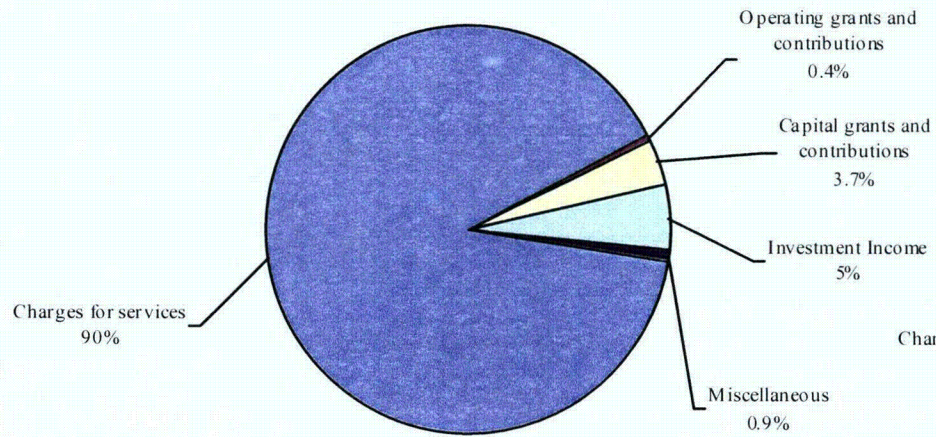
- In 2009, charges for services increased \$17,207 to \$416,628. The increase primarily related to the following:
 - Electric revenues increased by \$8,865 (2.9%), which was primarily the result of an electric rate increase on January 1, 2009. The average rate increase was 5.7% for residential customers, 9.7% for commercial customers and 6.3% for industrial customers, which was partially offset by a 3% decrease in consumption.
 - Water revenues increased by \$5,068 (10.2%), which was primarily due to a \$3,427 (7.4%) increase in retail revenues. The increase in retail revenues was primarily due to a water rate increase of 10% that became effective November 1, 2008 as part of the Safe W.A.T.E.R. Plan, which was partially offset by a 2.5% decrease in retail consumption.
- Capital grants and contributions decreased \$11,927 in the current year to \$17,288. The decrease is due primarily to a large State grant received in the prior year for the JW North Treatment Plant that was substantially completed in 07/08.

Expenses and Program Revenues – Business Type Activities – Fiscal Year Comparison 2009 vs. 2008

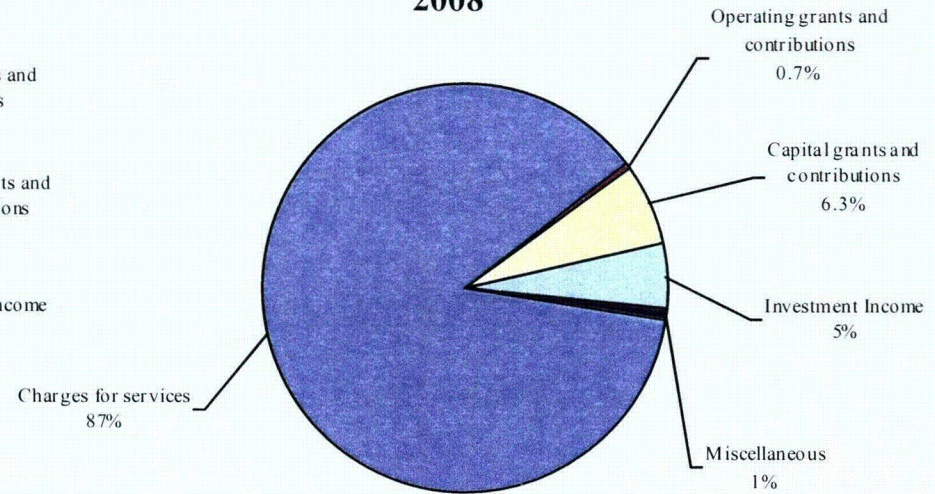


Revenues by Source – Business Type Activities – Fiscal Year Comparison

2009



2008



Financial Analysis of the City's Funds

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The following table summarizes the balance sheet of the City's General, Redevelopment Debt Service, COPS Debt Service, Capital Outlay, Redevelopment Capital Projects, and Other Governmental Funds. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

	General Fund		Redevelopment Debt Service		COPS Debt Service	
	2009	2008	2009	2008	2009	2008
Total assets	\$ 128,882	\$ 156,184	\$ 48,356	\$ 49,315	\$ 16,094	\$ 18,194
Total liabilities	\$ 51,503	\$ 74,967	\$ 25,103	\$ 25,596	\$ 238	\$ 80
Fund balances						
Reserved	41,400	36,025	23,253	23,719	15,856	18,114
Unreserved:						
Designated for economic cont.	30,000	34,000	-	-	-	-
Designated for future operations	2,888	10,253	-	-	-	-
Undesignated	3,091	939	-	-	-	-
Total	77,379	81,217	23,253	23,719	15,856	18,114
Total liabilities and fund balances	\$ 128,882	\$ 156,184	\$ 48,356	\$ 49,315	\$ 16,094	\$ 18,194

	Capital Outlay		Redevelopment Capital Projects		Other Governmental Funds		Total Governmental Funds	
	2009	2008	2009	2008	2009	2008	2009	2008
Total assets	\$ 82,248	\$ 115,182	\$ 216,747	\$ 233,402	\$ 96,572	\$ 90,783	\$ 588,899	\$ 663,060
Total liabilities	\$ 34,035	\$ 14,466	\$ 42,009	\$ 40,748	\$ 27,104	\$ 23,389	\$ 179,992	\$ 179,246
Fund balances								
Reserved	35,711	59,189	84,560	73,963	19,369	20,097	220,149	231,107
Unreserved:								
Designated for economic cont.	-	-	-	-	-	-	30,000	34,000
Designated for future operations	12,502	23,756	79,612	118,691	38,016	23,891	133,018	176,591
Undesignated	-	17,771	10,566	-	12,083	23,406	25,740	42,116
Total	48,213	100,716	174,738	192,654	69,468	67,394	408,907	483,814
Total liabilities and fund balances	\$ 82,248	\$ 115,182	\$ 216,747	\$ 233,402	\$ 96,572	\$ 90,783	\$ 588,899	\$ 663,060

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$408,907, a decrease of \$74,907 in comparison with the prior year. About 54% of this amount (\$220,149) is reserved to indicate funds are not available for new spending because it has already been committed for a variety of restricted purposes. The remainder of the fund balance is unreserved, meaning it is available for spending at the City's discretion. Of that amount, \$163,018 has been designated for specific capital projects and economic contingencies, leaving \$25,740 without a commitment; at June 30, 2008 the comparable amount was \$42,116. The City's governmental funds reported combined total assets of \$588,899 at June 30, 2009, a decrease of \$74,161 in comparison with the prior year. The primary reason for the decrease in total assets and related fund balances is due to expenditure of capital projects in the Capital Outlay Fund.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled \$77,379 in comparison to \$81,217 in the prior year. The unreserved fund balance was \$35,979, most of which was designated for future operations and economic contingencies, leaving \$3,091 unreserved and undesignated; the comparable number at June 30, 2008 was \$939. Fund balance decreased during the current year by \$3,838 in comparison to a decrease of \$13,549 in the prior year. The primary reason for this is due to an overall decrease in spending across the various functions in response to reduced revenue resulting from the current downturn in the economy.

The Redevelopment debt service fund has a total fund balance of \$23,253 all of which is reserved for the payment of debt service. A net decrease of \$466 in the fund balance occurred during the current year.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Electric, Water and Sewer operations at the end of the year amounted to \$164,762, \$30,911, and \$58,245 respectively. The total change in net assets for these funds was an increase of \$41,969, an increase of \$656 and a decrease of \$8,782, respectively as a result of routine operations.

General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Total Revenues	<u>\$180,407</u>	<u>\$193,175</u>	<u>\$171,400</u>	<u>\$ (21,775)</u>
Expenditures:				
General Government	9,269	9,269	8,148	1,121
Public Safety	156,469	164,764	145,802	18,962
Highways & Streets	20,883	24,068	18,452	5,616
Culture & Recreation	25,940	31,646	26,646	5,000
Capital Outlay	8,380	8,380	4,836	3,544
Debt Service	<u>14,701</u>	<u>14,803</u>	<u>14,688</u>	<u>115</u>
Total Expenditures	<u>235,642</u>	<u>252,930</u>	<u>218,572</u>	<u>34,358</u>
Deficiency of Revenue Under Expenditures	(55,235)	(59,755)	(47,172)	12,583
Other Financing Sources	<u>34,593</u>	<u>37,054</u>	<u>43,334</u>	<u>6,280</u>
Net Change in Fund Balances	(20,642)	(22,701)	(3,838)	18,863
Beginning Fund Balance	<u>81,217</u>	<u>81,217</u>	<u>81,217</u>	<u>-</u>
Ending Fund Balance	<u>\$ 60,575</u>	<u>\$ 58,516</u>	<u>\$ 77,379</u>	<u>\$18,863</u>

Final budgeted revenues increased from the amount originally budgeted as a result of grant related programs and financing associated with capital projects.

Actual amounts differed from the Final Fund budget as follows:

- ❑ Actual total revenues were less than the amount budgeted due to the downturn in the economy resulting in less than budgeted sales taxes (\$10.7 million), property taxes (\$2 million), utility users tax (\$1.8 million) and licenses and permits (\$1.3 million).
- ❑ Actual expenditures were less than budgeted amounts by approximately \$34,000. This is primarily associated with capital projects not completed during the year (which are carried over to the next fiscal year) and planned reductions in expenditures in all departments.
- ❑ The net effect of all of the above was that the ending fund balance increased \$18,863 more than budgeted.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business type activities as of June 30, 2009 amounted to \$2,262,607 (net of accumulated depreciation). This investment includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's net investment in capital assets for the current fiscal year was \$246,530 (\$148,747 for governmental activities including internal service funds and \$97,783 for business type activities).

Major capital improvements during the current fiscal year included: new infrastructure, consisting primarily of street improvements (\$89,802); Sewer Mains (\$6,791); Electric Utility upgrades (\$51,068); Water Utility upgrades (\$48,466); and City Hall Improvements (\$7,401).

Construction in progress totaled \$248,011 at June 30, 2009. Some of the major projects in process are the RERC Power Plant Units 3 & 4, a 203 KV Transmission Substation, Orange Terrace Community Center, the Fox Theatre and the remodel of the Lincoln Street Police Station. Depreciation expense during the fiscal year was \$29,507 for governmental activities and \$41,771 for business type activities.

City of Riverside's Capital Assets (net of depreciation)

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$270,580	\$250,582	\$ 40,835	\$ 37,200	\$ 311,415	\$ 287,782
Buildings	88,367	91,239	152,316	153,874	240,683	245,113
Improvements other than Buildings	79,494	63,022	790,575	728,817	870,069	791,839
Machinery and equipment	25,664	28,398	28,809	21,456	54,473	49,854
Infrastructure	537,967	448,165	-	-	537,967	448,165
Construction in progress	112,742	84,661	135,258	108,663	248,000	193,324
Total	<u>\$1,114,814</u>	<u>\$966,067</u>	<u>\$1,147,793</u>	<u>\$1,050,010</u>	<u>\$2,262,607</u>	<u>\$2,016,077</u>

Additional information on the City's capital assets can be found in note 5 on page 42 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$1,378,579 which includes bonded debt of \$1,316,238.

City of Riverside's Long-Term Debt

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Lease/Revenue Bonds	\$285,743	\$292,244	\$674,646	\$720,749	\$960,389	\$1,012,993
General Obligation Bonds	18,171	18,774	-	-	18,171	18,774
Pension Obligation Bonds	139,410	142,170	-	-	139,410	142,170
Certificates of Participation	198,268	200,273	-	-	198,268	200,273
Notes Payable	8,749	9,040	7,915	8,569	16,664	17,609
Capital Leases	7,455	9,391	2,574	211	10,029	9,602
Landfill Capping	-	-	7,512	2,881	7,512	2,881
Arbitrage Liability	-	-	502	481	502	481
Compensated Absences	20,494	20,494	-	-	20,494	20,494
Net OPEB Obligation	3,722	1,892	2,470	1,204	6,192	3,096
Water Acquisition Rights	-	-	948	964	948	964
Total	<u>\$682,012</u>	<u>\$694,278</u>	<u>\$696,567</u>	<u>\$735,059</u>	<u>\$1,378,579</u>	<u>\$1,429,337</u>

The City's total debt decreased by \$50,758 (4 percent) during the current fiscal year primarily due to principal payments on outstanding debt.

The City's Water Utility maintains "AA+" and "AA" ratings, from Standard & Poors and Fitch, respectively, for their revenue bonds, while the Electric Utility maintains "AA-" ratings from both rating agencies. The City's general obligation bond ratings are "AA-" and "AA", respectively.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total adjusted assessed valuation. The legal debt margin for the City is \$665,942, after deducting the general obligation debt of \$18,171.

Additional information on the City's long-term debt can be found in note 7 beginning on page 43 of this report.

Economic Factors and Next Year's Budget and Rates

- ☐ Sales taxes decreased by \$8,644 (17%) during the current fiscal year.
- ☐ Unemployment in Riverside County is 14.1% as compared to 8.3% for 2008.
- ☐ The required contribution rates as a percentage of payroll for the City's retirement program, including the employee portion which is paid by the City, will be changing effective July 1, 2009 as follows:
 - Miscellaneous Plan – 22.169% to 22.219%
 - Safety Plan – 29.026% to 29.323%

At the time of budget preparation for fiscal year 2010, the economic outlook for the City was considered to be stable. The General Fund Budget for fiscal year 2010 of approximately \$198 million was adopted with a planned use of \$2 million of available fund balance. It represents a reduction from the prior year of approximately 8%, principally as a result of a projected reduction in sales taxes.

Request for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager's Office, Finance Division, 3900 Main Street City of Riverside, CA 92522.

City of Riverside
Statement of Net Assets
June 30, 2009
(amounts expressed in thousands)

	Governmental	Business-type	Total
Assets	Activities	Activities	
Cash and investments	\$ 156,536	\$ 172,032	\$ 328,568
Receivables, net	106,008	55,074	161,082
Inventory	5,835	1,066	6,901
Nuclear material inventory	-	1,750	1,750
Prepaid items	1,741	6,248	7,989
Deferred charges	128,007	44,724	172,731
Internal balances	15,480	(15,480)	-
Land and improvements held for resale	84,102	-	84,102
Restricted assets:			
Cash and cash equivalents	-	38,696	38,696
Cash and investments at fiscal agent	169,609	250,264	419,873
Other	-	836	836
Capital leases receivable	24,940	-	24,940
Land and other capital assets not being depreciated	383,322	176,093	559,415
Capital assets (net of accumulated depreciation)	731,492	971,700	1,703,192
Total assets	1,807,072	1,703,003	3,510,075
Liabilities			
Accounts payable and other current liabilities	57,690	27,413	85,103
Accrued interest payable	9,010	5,610	14,620
Deferred revenue	1,776	1,740	3,516
Deposits	24,088	3,342	27,430
Current liabilities payable from restricted assets	-	3,329	3,329
Claims and judgments payable	24,958	-	24,958
Decommissioning liability	-	59,072	59,072
Noncurrent liabilities:			
Due within one year	57,666	27,239	84,905
Due in more than one year	624,346	669,328	1,293,674
Total liabilities	799,534	797,073	1,596,607
Net Assets			
Invested in capital assets, net of related debt	950,496	659,904	1,610,400
Restricted for:			
Expendable:			
Capital projects	41,374	-	41,374
Debt service	-	25,633	25,633
Economic development	23,190	-	23,190
Other purposes	-	2,975	2,975
Public works	8,439	-	8,439
Housing	24,627	-	24,627
Programs	-	10,013	10,013
Nonexpendable	1,273	-	1,273
Unrestricted	(41,861)	207,405	165,544
Total net assets	\$ 1,007,538	\$ 905,930	\$ 1,913,468

The notes to the financial statements are an integral part of this statement.

City of Riverside
Statement of Activities
For the fiscal year ended June 30, 2009
(amounts expressed in thousands)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business type Activities	Total
Governmental activities:								
General government	\$ 102,665	\$ (46,988)	\$ 13,691	\$ 11,622	\$ 27	\$ (30,337)		\$ (30,337)
Public safety	127,350	22,554	8,414	4,202	1	(137,287)		(137,287)
Highways and streets	18,731	16,446	14,391	6,315	69,639	55,168		55,168
Culture and recreation	24,121	7,988	3,168	1,174	78	(27,689)		(27,689)
Interest on long-term debt	34,361	-	-	-	-	(34,361)		(34,361)
Total governmental activities	307,228	-	39,664	23,313	69,745	(174,506)		(174,506)
Business type activities:								
Electric	269,209		314,164	-	7,060		\$ 52,015	52,015
Water	53,931		54,923		7,199		8,191	8,191
Sewer	34,853		23,247	-	-		(11,606)	(11,606)
Refuse	18,425		18,394	168	-		137	137
Airport	1,734		1,232	-	2,082		1,580	1,580
Transportation	3,194		336	1,761	937		(160)	(160)
Public parking	5,095		4,332	-	10		(753)	(753)
Total business type activities	386,441		416,628	1,929	17,288		49,404	49,404
Total	\$ 693,669		\$ 456,292	\$ 25,242	\$ 87,033	(174,506)	49,404	(125,102)
General revenues:								
Taxes:								
Sales						41,882	-	41,882
Property						116,420	-	116,420
Utility users						25,964	-	25,964
Franchise						5,144	-	5,144
Other						2,912	-	2,912
Intergovernmental, unrestricted						4,569	-	4,569
Investment income						15,941	23,402	39,343
Miscellaneous						5,137	4,590	9,727
Subtotal						217,969	27,992	245,961
Transfers, net						42,087	(42,087)	-
Total general revenues and transfers						260,056	(14,095)	245,961
Change in net assets						85,550	35,309	120,859
Net assets - beginning						921,988	870,621	1,792,609
Net assets - ending						\$ 1,007,538	\$ 905,930	\$ 1,913,468

The notes to the financial statements are an integral part of this statement.

City of Riverside
Balance Sheet
Governmental Funds
June 30, 2009
(amounts expressed in thousands)

	General Fund	Redevelopment Debt Service	Certificates of Participation Debt Service	Capital Outlay	Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 48,202	\$ 15,716	\$ -	\$ -	\$ 39,553	\$ 43,109	\$ 146,580
Cash and investments at fiscal agent	12,355	7,426	16,094	31,127	97,919	4,688	169,609
Receivables (net of allowance for uncollectibles)							
Interest	255	156	-	50	190	340	991
Property taxes	5,389	-	-	-	-	-	5,389
Sales tax	6,295	-	-	-	-	-	6,295
Utility billed	764	-	-	-	-	-	764
Accounts	7,803	118	-	6,369	37	1,950	16,277
Intergovernmental	3,803	-	-	44,526	681	4,799	53,809
Notes	277	-	-	-	3,591	18,447	22,315
Capital lease receivable	-	24,940	-	-	-	-	24,940
Prepaid items	293	-	-	-	21	-	314
Deposits	-	-	-	176	1,241	-	1,417
Due from other funds	15,981	-	-	-	3	12,648	28,632
Advances to other funds	27,465	-	-	-	-	-	27,465
Land & improvements held for resale	-	-	-	-	73,511	10,591	84,102
Total assets:	<u>\$ 128,882</u>	<u>\$ 48,356</u>	<u>\$ 16,094</u>	<u>\$ 82,248</u>	<u>\$ 216,747</u>	<u>\$ 96,572</u>	<u>\$ 588,899</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 11,400	\$ 160	\$ 238	\$ 10,164	\$ 14,872	\$ 1,219	\$ 38,053
Accrued payroll	12,060	-	-	-	42	27	12,129
Retainage payable	44	-	-	44	2,049	3,668	5,805
Intergovernmental	140	-	-	-	-	-	140
Deferred revenue	3,580	24,940	-	1,037	3,497	18,526	51,580
Deposits	24,062	-	-	-	-	26	24,088
Due to other funds	-	3	-	22,790	-	3,040	25,833
Advances from other funds	217	-	-	-	21,549	598	22,364
Total liabilities:	<u>51,503</u>	<u>25,103</u>	<u>238</u>	<u>34,035</u>	<u>42,009</u>	<u>27,104</u>	<u>179,992</u>
Fund balances:							
Reserved	41,400	23,253	15,856	35,711	84,560	19,369	220,149
Unreserved, designated for economic contingencies	30,000	-	-	-	-	-	30,000
Unreserved, designated for future operations							
General fund	2,888	-	-	-	-	-	2,888
Special revenue	-	-	-	-	-	26,097	26,097
Capital project funds	-	-	-	12,502	79,612	11,919	104,033
Unreserved, undesignated							
General fund	3,091	-	-	-	-	-	3,091
Special revenue	-	-	-	-	-	2,949	2,949
Debt service	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	10,566	9,134	19,700
Total fund balances	<u>77,379</u>	<u>23,253</u>	<u>15,856</u>	<u>48,213</u>	<u>174,738</u>	<u>69,468</u>	<u>408,907</u>
Total liabilities and fund balances	<u>\$ 128,882</u>	<u>\$ 48,356</u>	<u>\$ 16,094</u>	<u>\$ 82,248</u>	<u>\$ 216,747</u>	<u>\$ 96,572</u>	<u>\$ 588,899</u>

The notes to the financial statements are an integral part of this statement.

CITY OF RIVERSIDE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2009
(amounts expressed in thousands)

Total fund balances - governmental funds	\$408,907
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets net of accumulated depreciation used in governmental activities that are not current financial resources and, therefore, are not reported in the funds.	1,111,233
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Issuance costs from issuing debt are expenditures at the fund level but are deferred and subject to capitalization and amortization in the Statement of Net Assets.	9,230
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Pension contributions were expenditures at the fund level but are deferred as a net pension asset and subject to capitalization and amortization in the Statement of Net Assets.	117,173
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Revenues that do not meet the "availability" criteria for revenue recognition and therefore, are deferred in the funds.	49,804
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Accrued interest payable for the current portion of interest due on various debt issues has not been reported in the governmental funds.	(9,010)
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Long-term liabilities, as listed below, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	\$ (436,635)	
Certificates of participation payable	(196,905)	
Notes payable	(8,749)	
Capital leases payable	(7,455)	
Bond premiums	(8,052)	
Net OPEB obligation	(3,722)	
Compensated absences	(20,494)	
	<u>(682,012)</u>	(682,012)

Internal service funds are used by management to charge the costs of insurance, centralized purchasing and fleet management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.	<u>2,213</u>
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Net assets of governmental activities	<u><u>\$1,007,538</u></u>
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City of Riverside
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2009
(amounts expressed in thousands)

	General Fund	Redevelopment Debt Service	Certificates of Participation Debt Service	Capital Outlay	Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 126,838	\$ 52,390	\$ -	\$ -	\$ -	\$ 13,094	\$ 192,322
Licenses and permits	6,381	-	-	-	-	987	7,368
Intergovernmental	10,802	200	-	57,211	827	17,833	86,873
Charges for services	9,003	-	-	-	-	96	9,099
Fines and forfeitures	4,649	-	-	-	-	1,564	6,213
Special assessments	4,235	-	-	195	-	1,001	5,431
Rental and investment income	3,635	2,660	764	3,067	5,278	3,216	18,620
Miscellaneous	5,857	280	488	-	393	578	7,596
Total revenues	171,400	55,530	1,252	60,473	6,498	38,369	333,522
Expenditures							
Current:							
General government	8,148	669	24	136	11,226	5,792	25,995
Public safety	145,802	-	-	-	-	-	145,802
Highways and streets	18,452	-	-	-	-	-	18,452
Culture and recreation	26,646	-	-	-	-	213	26,859
Capital outlay	4,836	-	-	105,309	47,411	22,838	180,394
Debt service:							
Principal	5,369	6,830	1,950	-	-	-	14,149
Interest	9,060	15,447	8,526	-	-	-	33,033
Bond issuance costs	259	-	-	-	-	-	259
Total expenditures	218,572	22,946	10,500	105,445	58,637	28,843	444,943
Excess (deficiency) of revenues over (under) expenditures	(47,172)	32,584	(9,248)	(44,972)	(52,139)	9,526	(111,421)
Other financing sources (uses):							
Transfers in	50,650	3,185	9,197	304	35,991	1,470	100,797
Transfers out	(7,776)	(36,235)	(2,207)	(7,837)	(414)	(4,241)	(58,710)
Issuance of long term debt	30,425	-	-	-	-	-	30,425
Payment to escrow account for advance refunding	(30,200)	-	-	-	-	-	(30,200)
Sales of capital assets	235	-	-	2	(1,354)	(4,681)	(5,798)
Total other financing sources and uses	43,334	(33,050)	6,990	(7,531)	34,223	(7,452)	36,514
Net change in fund balances	(3,838)	(466)	(2,258)	(52,503)	(17,916)	2,074	(74,907)
Fund balances - beginning	81,217	23,719	18,114	100,716	192,654	67,394	483,814
Fund balances - ending	\$ 77,379	\$ 23,253	\$ 15,856	\$ 48,213	\$ 174,738	\$ 69,468	\$ 408,907

The notes to the financial statements are an integral part of this statement.

CITY OF RIVERSIDE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2009
(amounts expressed in thousands)

Net change in fund balances-total governmental funds (\$74,907)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, as listed below:

Capital Asset additions	\$ 178,180	
Depreciation Expense	(29,191)	148,989

Revenues in the statement of activities that do not meet the "availability" criteria for revenue recognition and therefore are not reported as revenue in the funds. (2,855)

The amortization of the net pension asset reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (1,559)

The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds immediately report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is listed below:

Principal repayments	14,149	
Debt refunding	30,200	
Other post-employment benefit liabilities	(1,830)	
Compensated Absences	(128)	
Interest	(1,159)	
Premiums on the issuance of LTD	172	
Proceeds from LTD	(30,425)	10,979

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 757

Internal service funds are used by management to charge the costs of insurance, centralized purchasing and fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 4,146

Change in net assets of governmental activities \$ 85,550

The notes to the financial statements are an integral part of this statement.

City of Riverside
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the year ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget		Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final				Original	Final		
Revenues									
Taxes	\$ 142,677	\$ 142,724	\$ 126,838	\$ (15,886)	Public safety:				
Licenses and permits	7,733	7,733	6,381	(1,352)	Police	98,191	102,298	87,377	14,921
Intergovernmental	2,820	13,731	10,802	(2,929)	Fire	47,803	51,065	47,315	3,750
Charges for services	11,159	11,228	9,003	(2,225)	Animal regulation	3,345	4,125	3,977	148
Fines and forfeitures	4,710	4,710	4,649	(61)	Building and zoning inspection	2,891	3,025	2,658	367
Special assessments	3,543	3,543	4,235	692	Street lighting	4,239	4,251	4,475	(224)
Rental and investment income	2,996	3,009	3,635	626	Total public safety	156,469	164,764	145,802	18,962
Miscellaneous	4,769	6,497	5,857	(640)	Highways and streets	20,883	24,068	18,452	5,616
Total revenues	180,407	193,175	171,400	(21,775)	Culture and recreation	25,940	31,646	26,646	5,000
Expenditures					Capital Outlay	8,380	8,380	4,836	3,544
General government:					Debt service:				
Mayor	1,236	1,338	1,184	154	Principal	5,537	5,442	5,369	73
Council	1,158	1,174	1,104	70	Interest	9,164	9,164	9,060	104
Manager	10,449	11,619	9,524	2,095	Bond issuance costs	-	197	259	(62)
Attorney	3,942	4,018	4,040	(22)	Total debt service	14,701	14,803	14,688	115
Clerk	1,331	1,321	1,101	220	Total expenditures	235,642	252,930	218,572	34,358
Community Development	9,372	10,202	8,463	1,739	Deficiency of revenue under expenditures	(55,235)	(59,755)	(47,172)	12,583
Human Resources	3,508	3,698	2,917	781	Other financing sources (uses)				
General Services	8,708	13,131	7,172	5,959	Transfers in	34,553	34,859	50,650	15,791
Information System	12,134	14,992	12,386	2,606	Transfers out	-	-	(7,776)	(7,776)
Development	6,662	7,742	7,245	497	Issuance of long term debt	-	-	30,425	30,425
Subtotal	58,500	69,235	55,136	14,099	Payment to escrow account for advance refunding	-	-	(30,200)	(30,200)
Allocated expenditures	(49,231)	(59,966)	(46,988)	(12,978)	Sale of capital assets	40	2,195	235	(1,960)
Total general government	9,269	9,269	8,148	1,121	Total other financing sources	34,593	37,054	43,334	6,280
				continued	Net change in fund balances	(20,642)	(22,701)	(3,838)	18,863
					Fund balance, beginning	81,217	81,217	81,217	-
					Fund balance, ending	\$ 60,575	\$ 58,516	\$ 77,379	\$ 18,863

The notes to the financial statements are an integral part of this statement.

City of Riverside
Statement of Net Assets
Proprietary Funds
June 30, 3009
(amounts expressed in thousands)

Business-type Activities - Enterprise Funds							Governmental Activities-Internal Service Funds
Assets	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds		
Current assets:							
Cash and investments	\$ 134,883	\$ 29,679	\$ 2,038	\$ 5,432	\$ 172,032	\$ 9,956	
Receivables (net allowances for uncollectibles)							
Interest	745	146	178	83	1,152	131	
Utility billed	14,532	2,843	688	597	18,660	-	
Utility unbilled	12,609	2,737	768	637	16,751	-	
Accounts	10,757	2,402	1,932	402	15,493	22	
Intergovernmental	112	2,284	50	572	3,018	15	
Nuclear materials inventory	1,750	-	-	-	1,750	-	
Inventory	-	-	1,066	-	1,066	5,835	
Prepaid items	6,224	7	5	12	6,248	8	
Restricted assets:							
Cash and cash equivalents	28,805	6,917	-	2,975	38,697	-	
Cash and investments at fiscal agent	222,538	27,726	-	-	250,264	-	
Public benefit programs receivable	686	-	-	-	686	-	
Conservation & reclamation programs receivable	-	150	-	-	150	-	
Total current assets	433,641	74,891	6,725	10,710	525,967	15,967	
Non-current assets:							
Advances to other funds	5,918	-	10,018	-	15,936	12,616	
Deferred charges	22,453	7,329	3,650	11,292	44,724	1,604	
Capital assets:							
Land	7,612	16,824	2,698	13,701	40,835	-	
Buildings	18,572	15,199	184,327	20,338	238,436	1,488	
Accumulated depreciation - buildings	(4,280)	(3,392)	(74,653)	(3,795)	(86,120)	(151)	
Improvements other than buildings	715,607	418,728	61,877	19,818	1,216,030	-	
Accumulated depreciation - improvements other than buildings	(290,012)	(120,504)	(10,893)	(4,046)	(425,455)	-	
Machinery and equipment	25,102	12,483	8,996	17,696	64,277	9,575	
Accumulated depreciation - machinery and equipment	(12,907)	(7,656)	(5,200)	(9,705)	(35,468)	(7,331)	
Construction in progress	106,200	24,407	-	4,651	135,258	-	
Total non-current assets	594,265	363,418	180,820	69,950	1,208,453	17,801	
Total assets	1,027,906	438,309	187,545	80,660	1,734,420	33,768	
Continued							

Continued

City of Riverside
Statement of Net Assets
Proprietary Funds
June 30, 2009
(amounts expressed in thousands)

Business-type Activities - Enterprise Funds						
Liabilities	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Current liabilities:						
Accounts payable	13,858	4,588	1,877	1,168	21,491	865
Accrued payroll	4,364	1,461	1,070	720	7,615	533
Retainage payable	75	1,203	-	1	1,279	-
Intergovernmental	-	-	-	-	-	-
Claims and judgements	-	-	-	-	-	24,959
Unearned revenue	-	-	-	1,740	1,740	-
Deposits	2,780	561	-	1	3,342	-
Due to other funds	-	-	-	-	-	2,799
Capital leases - current	360	-	42	17	419	-
Water stock acquisitions - current	-	150	-	-	150	-
Landfill capping - current	-	-	-	300	300	-
Current liabilities payable from restricted assets:						
Revenue bonds	21,300	4,415	-	-	25,715	-
Accrued interest	4,454	1,156	-	-	5,610	-
Other payables	2,117	526	355	331	3,329	164
Total current liabilities	49,308	14,060	3,344	4,278	70,990	29,320
Non-current liabilities:						
Revenue bonds	506,208	142,723	-	-	648,931	-
Arbitrage payable	-	-	-	-	-	-
Notes payable	-	-	7,915	-	7,915	-
Other payables	-	-	-	-	-	-
Capital leases	2,073	-	-	81	2,154	-
Advances from other funds	12,979	5,584	3,572	9,282	31,417	2,235
Decommissioning liability	59,072	-	-	-	59,072	-
Water stock acquisitions	-	799	-	-	799	-
Landfill capping	-	-	-	7,212	7,212	-
Total non-current liabilities	580,332	149,106	11,487	16,575	757,500	2,235
Total liabilities	629,640	163,166	14,831	20,853	828,490	31,555
Net Assets						
Invested in capital assets, net of related debt	204,902	237,188	159,237	58,577	659,904	3,581
Restricted for debt service	20,477	5,156	-	-	25,633	-
Restricted for other purposes	-	-	-	2,975	2,975	-
Restricted for programs	8,125	1,888	-	-	10,013	-
Unrestricted	164,762	30,911	13,477	(1,745)	207,405	(1,368)
Total net assets	\$ 398,266	\$ 275,143	\$ 172,714	\$ 59,807	\$ 905,930	\$ 2,213

The notes to the financial statements are an integral part of this statement.

City of Riverside
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the fiscal year ended June 30, 2009
(amounts expressed in thousands)

Business-type Activities - Enterprise Funds						
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Operating revenues:						
Charges for services	\$ 314,164	\$ 54,923	\$ 23,247	\$ 24,294	\$ 416,628	\$ 15,834
Operating expenses:						
Personal services	29,205	9,716	8,930	7,042	54,893	3,651
Contractual services	8,176	2,274	756	4,375	15,581	108
Maintenance and operation	170,533	9,530	8,380	6,486	194,929	1,513
General	13,203	13,582	5,253	3,988	36,026	1,733
Materials and supplies	725	1,041	2,730	940	5,436	13
Insurance	859	404	519	251	2,033	5,114
Depreciation and amortization	23,091	9,771	6,084	3,247	42,193	940
Total operating expenses	245,792	46,318	32,652	26,329	351,091	13,072
Operating income (loss)	68,372	8,605	(9,405)	(2,035)	65,537	2,762
Non-operating revenues (expenses):						
Operating grants	-	-	-	1,929	1,929	-
Interest income	17,625	3,169	2,018	590	23,402	1,468
Other	1,702	1,011	8	911	3,632	3
Gain (loss) on retirement of capital assets	210	(564)	16	(1,640)	(1,978)	(5)
Capital improvement fees	-	-	782	-	782	-
Interest expense and fiscal charges	(23,417)	(7,049)	(2,201)	(479)	(33,146)	(82)
Total non-operating revenues (expenses)	(3,880)	(3,433)	623	1,311	(5,379)	1,384
Income before capital contributions and transfers	64,492	5,172	(8,782)	(724)	60,158	4,146
Cash capital contributions	1,494	3,749	-	3,029	8,272	-
Noncash capital contributions	5,566	3,399	-	-	8,965	-
Transfers out	(29,583)	(11,664)	-	(840)	(42,087)	-
Change in net assets	41,969	656	(8,782)	1,465	35,308	4,146
Total net assets - beginning	356,297	274,487	181,496	58,342	870,622	(1,933)
Total net assets - ending	\$ 398,266	\$ 275,143	\$ 172,714	\$ 59,807	\$ 905,930	\$ 2,213

City of Riverside
Proprietary Funds
Statement of Cash Flows
For the fiscal year ended June 30, 2009
(amounts expressed in thousands)

	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:						
Cash received from customers and users	\$ 315,095	\$ 54,046	\$ 22,759	\$ 23,933	\$ 415,833	\$ 15,894
Cash paid to employees for services	(30,265)	(10,044)	(9,058)	(7,143)	(56,510)	(3,777)
Cash paid to other suppliers of goods or services	(185,574)	(27,906)	(17,968)	(16,556)	(248,004)	(12,295)
Other receipts	1,702	1,011	8	911	3,632	3
Net cash provided (used) by operating activities	100,958	17,107	(4,259)	1,145	114,951	(175)
Cash flows from noncapital financing activities:						
Transfers to other funds	(29,583)	(11,664)	-	(840)	(42,087)	-
Operating grants	-	-	-	3,011	3,011	-
Advances to other funds	-	-	(10,018)	-	(10,018)	(12,620)
Repayments on advances to other funds	33,586	-	-	-	33,586	-
Cash received (repaid) on loans from other funds	(227)	(98)	(63)	(27)	(415)	(24)
Cash paid on amounts due to the General Fund	-	-	-	(645)	(645)	-
Net cash provided (used) by noncapital financing activities	3,776	(11,762)	(10,081)	1,499	(16,568)	(12,644)
Cash flows from capital and related financing activities:						
Purchase of capital assets	(72,900)	(37,714)	(9,361)	(7,076)	(127,051)	(698)
Purchase of nuclear fuel	(2,221)	-	-	-	(2,221)	-
Proceeds from the sale of capital assets	558	128	25	-	711	(5)
Principal paid on long-term obligations	(20,639)	(4,390)	(22,028)	-	(47,057)	-
Interest paid on long-term obligations	(23,950)	(6,584)	(2,757)	(478)	(33,769)	(82)
Capital improvement fees	-	-	782	-	782	-
Capital contributions	1,493	11,872	-	3,617	16,982	-
Net cash used for capital and related financing activities	(117,659)	(36,688)	(33,339)	(3,937)	(191,623)	(785)
Cash flows from investing activities:						
Purchase of investments	(4,186)	684	-	-	(3,502)	-
Income from investments	19,674	3,283	2,089	603	25,649	1,393
Net cash provided by investing activities	15,488	3,967	2,089	603	22,147	1,393
Net change in cash and cash equivalents	2,563	(27,376)	(45,590)	(690)	(71,093)	(12,211)
Cash and cash equivalents, ending (including \$212,733 for Electric, \$54,355 for Water and \$4,025 for Sewer in restricted accounts)	291,420	83,932	47,628	9,097	432,077	22,167
Cash and cash equivalents, ending (including \$159,100 for Electric and \$26,877 for Water in restricted accounts)	\$ 293,983	\$ 56,556	\$ 2,038	\$ 8,407	\$ 360,984	\$ 9,956

continued

City of Riverside
Proprietary Funds
Statement of Cash Flows
For the fiscal year ended June 30, 2009
(amounts expressed in thousands)

						continued
						Governmental
						Activities-
						Internal
						Service Funds
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided						
(used) by operating activities:						
Operating Income (loss)	\$ 68,372	\$ 8,605	\$ (9,405)	\$ (2,035)	\$ 65,537	\$ 2,762
Other receipts	1,702	1,011	8	911	3,632	3
Adjustments to reconcile operating income to						
net cash provided (used) by operating activities:						
Depreciation and amortization	23,091	9,771	6,084	3,247	42,193	940
Amortization of pension costs	179	77	49	33	338	22
Amortization (burn) of nuclear fuel	5,191	-	-	-	5,191	-
Decrease in utility billed receivables	1,946	57	104	61	2,168	-
Decrease in utility unbilled receivables	1,267	223	31	7	1,528	-
(Increase) in accounts receivable	(422)	(1,094)	(681)	(215)	(2,412)	20
(Increase) decrease in intergovernmental receivables	(4)	2	59	(218)	(161)	15
(Increase) decrease in prepaid items	786	(1)	(5)	(12)	768	17
Decrease in nuclear materials inventory	171	-	-	-	171	-
(Increase) in inventory	-	-	(77)	-	(77)	801
(Decrease) in accounts payable	(5,008)	(1,585)	(171)	(228)	(6,992)	(131)
(Decrease) in accrued payroll	(1,863)	(681)	(357)	(273)	(3,174)	(229)
Increase (decrease) in retainage payable	56	511	(78)	-	489	-
Increase in other payable	1,279	276	180	159	1,894	81
(Decrease) in intergovernmental receivables	(20)	-	-	-	(20)	-
(Decrease) in deposits	(314)	(65)	-	-	(379)	-
(Decrease) in due to other funds	-	-	-	-	-	(956)
(Decrease) in claims and judgments	-	-	-	-	-	(3,520)
Increase in decommissioning liability	4,549	-	-	-	4,549	-
(Decrease) in landfill capping	-	-	-	(292)	(292)	-
Net cash provided by operating activities	\$ 100,958	\$ 17,107	\$ (4,259)	\$ 1,145	\$ 114,951	\$ (175)
Schedule of noncash financing and investing activities:						
Contribution in aid	\$ 5,565	\$ 3,399	\$ -	\$ -	\$ 8,964	\$ -
Borrowing under capital lease	2,433	-	-	-	2,433	-

The notes to the financial statements are an integral part of this statement.

City of Riverside
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2009
(amounts expressed in thousands)

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 10,898
Cash and investments at fiscal agent	9,294
Interest receivable	61
Property tax receivables	187
Total assets	<u>\$ 20,440</u>
Liabilities:	
Accounts payable	\$ 21
Held for bond holders	20,419
Total liabilities	<u>\$ 20,440</u>

The notes to the financial statements are an integral part of this statement

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

1. Summary of Significant Accounting Policies

The City of Riverside (City) was incorporated on October 11, 1883 as a Charter City and operates under a Council-Manager form of Government. The more significant accounting policies reflected in the financial statements are summarized as follows:

A. Reporting Entity

These financial statements present the City and its component units, entities for which the City is financially accountable. Blended component units are legally separate entities, but in substance are part of the City's operations and their data is combined with that of the City's. The City has no component units that meet the criteria for discrete presentation. All of the City's component units have a June 30 year end.

Blended Component Units

Riverside Redevelopment Agency (Redevelopment Agency) was established in 1971 by the City. The Redevelopment Agency's primary purpose is to eliminate blighted areas in the City by encouraging commercial development. City Council members serve as the Redevelopment Agency's directors and have full accountability for fiscal matters.

Riverside Housing Authority (Housing Authority) was established in 2006 by the City. The Housing Authority's primary purpose is to provide safe and sanitary housing accommodations for persons with low or moderate income. City Council members serve as the Housing Authority's commissioners and have full accountability for fiscal matters.

Riverside Public Financing Authority (Public Financing Authority) was organized in December 1987 by the City and the Redevelopment Agency. The purpose of the Public Financing Authority is to provide financing for public capital improvements to the City or the Redevelopment Agency. City Council members serve as the Public Financing Authority's directors and have full accountability for fiscal matters.

Riverside Municipal Improvements Corporation (Municipal Improvements Corporation) was created in 1978 and operates under provisions of the Nonprofit Public Benefit Corporation Law of the State of California. The Municipal Improvements Corporation's primary purpose is to provide financing assistance by obtaining land, property and equipment on behalf of the City. Three members of the City Council serve as the Municipal

Improvements Corporation's directors and have full accountability for fiscal matters.

Complete financial statements for each of the individual component units except the Riverside Municipal Improvement Corporation and Riverside Housing Authority (which do not generate financial statements) may be obtained from the City's Finance Department, 3900 Main Street, Riverside, California, 92522.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. Interfund activity has been removed from these statements except for utility charges, as this would distort the presentation of function costs and program revenues. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Indirect expenses are allocated to the various functions based on a proportionate utilization of the services rendered. Such allocations consist of charges for accounting, human resources, information technology and other similar support services.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting for the proprietary fund financial statements. Agency funds report only assets and liabilities, therefore have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied on the property. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. An allowance for doubtful accounts is maintained for the utility and other miscellaneous receivables. Agency funds report only assets and liabilities, therefore have no measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for grant revenue, including reimbursements received from Transportation Uniform Mitigation Fees, which is (6) months and sales tax revenue which is seven (7) months, as described below. Grant revenue is recognized if received within six (6) months of year end to enable the matching of revenue with applicable expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Effective with the previous fiscal year, the State temporarily began to exchange 25% of sales taxes for an equal amount of property taxes to securitize a short-term State bond issue. The State bond issue will remain outstanding for an uncertain number of years, but is currently estimated not to exceed eight (8) years. These in-lieu sales taxes will be paid to the City by the State on a different calendar than sales taxes, which are paid monthly, three months in arrears. The vast majority of the in-lieu amount will be paid during the applicable fiscal year; however, the final payment of the in-lieu sales taxes will not be paid until the January following the end of the applicable fiscal year. The City has budgeted this final payment in the

current fiscal year and will continue this practice during this temporary period, effectively extending the availability period to seven (7) months for the in-lieu sales taxes and thus provide consistency in the reporting of sales tax revenue.

Property taxes, special assessments, sales taxes, franchise taxes, licenses, charges for services, amounts due from other governments and interest associated with the current fiscal period are all considered to be susceptible to accrual. Other revenue items such as fines and permits are considered to be measurable and available only when the government receives cash, and are therefore not susceptible to accrual.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Redevelopment Agency's debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term obligation debt of the Redevelopment Agency.

The Certificates of Participation (COPS) debt service fund accounts for the resources accumulated and payments made for principal, interest and trustee fees on certificates of participation.

The Capital Outlay fund accounts for the construction and installation of street and highway capital improvements for the City, including improvements funded by the ½ % sales tax approved by Riverside County in 1988.

The Redevelopment Agency's capital project fund accounts for the acquisition, relocation, demolition and sale of land for those portions of the City designated to be in need of redevelopment activities.

The government reports the following major proprietary funds:

The Electric fund accounts for the activities of the City's electric distribution operations.

The Water fund accounts for the activities of the City's water distribution operations.

The Sewer fund accounts for the activities of the City's sewer systems.

Additionally, the government reports the following fund types:

Internal service funds account for the central stores, central garage, and the three self-insured risks of workers compensation, unemployment and public liability on a cost reimbursement basis.

The agency (fiduciary) fund is used to account for special assessments that service no-commitment debt.

The permanent fund is a governmental fund that is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's Library programs. Non-expendable net assets on the Statement of Net Assets includes \$1 million of permanent fund principal which are considered nonexpendable net assets.

Pronouncements regarding accounting and financial reporting issued by the Financial Accounting Standards Board prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Significant interfund activity has been eliminated from the government-wide financial statements with the exception of charges between the City's electric, water, sewer and refuse functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The sewer fund also

recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Investments

The City values its cash and investments in accordance with the provisions of Government Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools (GASB 31)," which requires governmental entities, including governmental external investment pools, to report certain investments at fair value in the statement of net assets/balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. Fair value is determined using published market prices.

Cash accounts of all funds are pooled for investment purposes to enhance safety and liquidity while maximizing interest earnings. Investments are stated at fair value. All highly liquid investments (including restricted assets) with a maturity of 90 days or less when purchased are considered cash equivalents. Cash and investments held on behalf of proprietary funds by the City Treasurer are considered highly liquid and are classified as cash equivalents for the purpose of presentation in the Statement of Cash Flows.

E. Restricted Cash and Investments

Certain proceeds of Enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. Additionally, unspent proceeds received from the City's landfill capping surcharge are also recorded as restricted assets.

F. Land and Improvements Held for Resale

Land and improvements held for resale are generally acquired under Developer Disposition Agreements in the normal course of Redevelopment Agency activity. The Developer Disposition Agreements provide for transfer of property to developers after certain redevelopment obligations have been fulfilled. Additionally, the General fund has acquired property which is to be

held for resale at a later date. This property is carried at cost until an event occurs to indicate a lower net realizable value.

G. Inventory

Supplies are valued at cost using the average-cost method. Costs are charged to user departments when consumed rather than when purchased.

H. Prepaid Items

Payments to vendors for services benefiting future periods are recorded as prepaid items and expenditures are recognized when items are consumed.

I. Capital Assets and Nuclear Fuel

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, right of way, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than five thousand dollars and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs include: labor; materials; interest during construction; allocated indirect charges such as engineering, construction and transportation equipment, retirement plan contributions and other fringe benefits. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets other than land are depreciated using the straight-line method.

Nuclear Fuel

The Electric Utility amortizes the cost of nuclear fuel to expense using the "as burned" method. In accordance with the Nuclear Waste Disposal Act of 1982, the Electric Utility is charged one dollar per megawatt-hour of energy generated by the City's share of San Onofre Nuclear Generating Station's Units 2 and 3 to provide for estimated future storage and disposal of spent fuel. The Electric Utility pays this fee to its operating agent, Southern California Edison Company, on a quarterly basis.

J. Compensated Absences

City employees receive 10 to 25 vacation days a year based upon length of service. A maximum of two years' vacation accrual may be accumulated and unused vacation is paid in cash upon separation.

City employees generally receive one day of sick leave for each month of employment with unlimited accumulation. Upon retirement or death, certain employees or their estates receive a percentage of unused sick leave paid in a lump sum based on longevity. The General, Redevelopment Agency Capital Projects Housing and Community Development Special Revenue, Electric and Water funds have been primarily used to liquidate such balances.

The liability associated with these benefits is reported in the government-wide statements. Vacation and sick leave of proprietary funds is recorded as an expense and as a liability of those funds as the benefits accrue to employees.

K. Long-Term Obligations

Long-Term Debt

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are classified as deferred charges and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, government fund types recognize bond issuance costs as expenditures during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Decommissioning

Federal regulations require the Electric Utility to provide for the future decommissioning of its ownership share of the nuclear units at San Onofre. The Electric Utility established a trust account to accumulate resources for the decommissioning of the nuclear power plant and restoration of the

beachfront at San Onofre. Each year the Electric Utility recognizes an expense in the amount of the contribution to the trust account. The funding will occur over the useful life of the generating plant.

Amounts held in the trust account are classified as restricted assets in the accompanying balance sheet. To date, the Electric Utility has set aside \$59,072 in cash and investments with the trustee as Riverside's estimated share of the decommissioning cost of San Onofre. Based on a cost estimate completed by Southern California Edison and approved by the California Public Utilities Commission, the Electric Utility plans to set aside approximately \$1,600 per year to fund this obligation. Decommissioning is expected to commence around the year 2022.

L. Claims and Judgments Payable

Claims and judgments payable are recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Such claims, including an estimate for claims incurred but not reported at year end, are recorded as liabilities in the appropriate internal service fund.

M. Fund Equity

In the fund financial statements, reserves represent those portions of fund equity not available for appropriation or legally segregated for a specific future use. Designated fund balances represent amounts identified by management or the governing board for the future use of financial resources.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

O. Interfund Transactions

Interfund transactions are accounted for as revenues and expenditures or expenses. Transactions, which constitute reimbursements, are eliminated in the reimbursed fund and accounted for as expenditures or expenses in the fund to which the transaction is applicable.

During the year, transactions occur between individual funds for goods provided or services rendered. Related receivables and payables are classified as "due from/to other funds" on the accompanying fund level statements. The noncurrent portion of long-term interfund loans receivable are reported as interfund receivables/payables and, for governmental fund types, are equally offset by a fund balance reserve to indicate that the receivable does not constitute available expendable financial resources. Interfund payables also include accrued interest, which has been offset by deferred revenue.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

P. Deferred Revenue

Governmental and proprietary funds report unearned revenue on the statement of net assets. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. Deferred revenues arise in governmental funds when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. The majority of the City's governmental fund unearned revenue for June 30, 2009 relates to unearned revenue on a capital lease. See Note 4.

Q. Property Tax Calendar

Under California law, general property taxes are assessed for up to 1% of the property's assessed value. General property taxes are collected by the counties along with other special district taxes and assessments and voter approved debt. General property tax revenues are collected and pooled by the county throughout the fiscal year and then allocated and paid to the county, cities and school districts based on complex formulas prescribed by State statutes.

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

Property taxes are calculated on assessed values as of January 1 for the ensuing fiscal year. On July 1 of the fiscal year the levy is placed and a lien is attached to the property. Property taxes are due in two installments. The first installment is due November 1 and is delinquent on December 10. The second installment is due February 1 and is delinquent on April 10. Property taxes receivable represent current and prior years' uncollected tax levies, adjusted for uncollectable amounts.

R. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures. Specifically, the City has made certain estimates and assumptions relating to the revenues due and expenditures incurred through fiscal year end, collectability of its receivables, the valuation of property held for resale, the useful lives of capital assets, and the ultimate outcome of claims and judgments. Actual results may differ from those estimates and assumptions.

S. Implementation of new accounting principles

GASB has issued three pronouncements prior to June 30, 2009 (for years ending after June 30, 2009) that have effective dates that may impact future financial presentations. Management has currently determined that GASB Statement No 51, "Accounting and Reporting for Intangible Assets", GASB Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments" and GASB Statement No 54, "Fund Balance Reporting and Governmental Fund Type Definitions" apply to the City, and are currently evaluating the impacts of implementing the pronouncements.

2. Legal Compliance - Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments within the general, special revenue and capital project funds. Formal budgets are not employed for debt service funds because debt indenture provisions specify payments. The permanent fund is not budgeted.

During the period December through February of each fiscal year, department heads prepare estimates of required appropriations for the following fiscal year. These estimates are compiled into a proposed operating budget that includes a summary of proposed expenditures and financial resources and historical data for the preceding fiscal year. The operating budget is presented by the City Manager to the City Council for review. Public hearings are conducted to obtain citizen comments. The City Council generally adopts the budget during one of its June meetings. The City Manager is legally authorized to transfer budgeted amounts between divisions and accounts within the same department. Transfer of appropriations between departments or funds and increased appropriations must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations at the departmental level within a fund. All appropriations shall lapse at the end of the fiscal year to the extent they have not been expended or lawfully encumbered, except for appropriations for capital projects which shall continue to their completion.

3. Cash and Investments

Cash and investments at fiscal year end consist of the following:

Investments	\$360,777
Investments at fiscal agent	<u>445,420</u>
	806,197
Cash on hand and deposits with financial institutions	<u>1,132</u>
	<u>\$807,329</u>

The amounts are reflected in the government-wide statement of net assets:

Cash and investments	\$328,568
Restricted cash and cash equivalents	38,696
Restricted cash and investments at fiscal agent	<u>419,873</u>
Total per statement of net assets	787,137
Fiduciary fund cash and investments	<u>20,192</u>
	<u>\$807,329</u>

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures, which are administered by outside agencies.

Interest income earned on pooled cash and investments is allocated monthly to funds based on the beginning and month-end balances. Interest income from cash and investments held at fiscal agents is credited directly to the

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

related account. Bank deposits are covered by federal depository insurance for the first \$250 or by collateral held in the pledging bank's trust department in the name of the City.

Authorized Investments

Under provisions of the City's investment policy, and in accordance with California Government Code Section 53601, the City Treasurer may invest or deposit in the following types of investments:

	<u>Max Maturity</u>	<u>Max % of Portfolio</u>
Securities of the U.S. Gov't. and its sponsored agencies	5 Years	100%
Repurchase Agreements	1 Year	100%
Reverse Repurchase Agreements	90 Days	20%
Negotiable Certificates of Deposit	5 Years	30%
Bankers Acceptances	180 Days	40%
Commercial Paper of "prime" quality	270 Days	25%
Local Agency Investment Fund (State Pool)	N/A	100%
Mutual Funds	N/A	20%
Medium-Term Corporate Notes	5 Years	30%

Investments in Medium Term Corporate Notes may be invested in securities rated A or better by Moody's or Standard and Poor's rating services and no more than 15% of the market value of the portfolio may be invested in one corporation.

The City's investment policy provides two exceptions to the above; one is for investments authorized by debt agreements (described below) and the other for funds reserved in the San Onofre Nuclear Generating Station Decommissioning Account for which the five-year maturity limitation may be extended to the term of the operating license.

Investments Authorized by Debt Agreements

Provisions of debt agreements, rather than the general provisions of the California Government Code or the City's investment policy, govern investments of debt proceeds held by bond fiscal agents. Permitted investments are specified in related trust agreements and include the following:

Securities of the U.S. Government and its sponsored agencies

Bankers' Acceptances rated in the single highest classification
Commercial Paper rated in the single highest classification
Investments in money market funds rated in the single highest classification
Municipal obligations rated Aaa/AAA or general obligations of states with ratings of at least A2/A or higher by both Moody's and S&P
Investment Agreements

No maximum percentage of the related debt issue or maximum investment in one issuer is specified.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy requires that the interest rate risk exposure be managed by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More than 60 Months</u>
Money Market Funds	\$ 42,549	\$ 42,549	\$ -	\$ -	\$ -
Federal Agency Securities	200,278	40,997	31,410	127,871	-
Corp Medium Term Notes	30,875	-	10,279	20,596	-
State Investment Pool	87,075	87,075	-	-	-
Held by Fiscal Agent					
Money Market Funds	47,810	47,810	-	-	-
State Investment Pool	80,519	80,519	-	-	-
Investment Contracts	232,025	30,155	164,081	8,409	29,380
Commercial Paper	502	502	-	-	-
Fed Agency Securities	41,454	2,318	5,676	16,230	17,230
Negotiable CDs	19,839	3,601	2,796	13,442	-
Corp Med Term Notes	23,271	-	1,028	4,216	18,027
Total	\$806,197	\$335,526	\$215,270	\$190,764	\$64,637

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

The City assumes that callable investments will not be called.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year-end for each investment type:

Investment Type	Ratings as of Year End				
	Total	AAA	AA	A-1+	Unrated
Money Market Funds	\$ 42,549	\$ 42,549	\$ -	\$ -	\$ -
Federal Agency Securities	200,278	200,278	-	-	-
Corp Medium Term Notes	30,875	30,875	-	-	-
State Investment Pool	87,075	-	-	-	87,075
Held by Fiscal Agent					
Money Market Funds	47,810	47,626	-	-	184
State Investment Pool	80,519	-	-	-	80,519
Investment Contracts	232,025	-	-	-	232,025
Commercial Paper	502	-	-	502	-
Fed Agency Securities	41,454	41,454	-	-	-
Negotiable CDs	19,839	-	-	-	19,839
Corp Med Term Notes	23,271	-	23,271	-	-
Total	<u>\$806,197</u>	<u>\$362,782</u>	<u>\$23,271</u>	<u>\$ 502</u>	<u>\$419,642</u>

Concentration on Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stated above. Investments in any one issuer (other than U.S. Treasury securities, money market funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
Trinity Funding Company, LLC	Investment Contract	\$159,336
General Electric	Corporate Medium Term Notes	43,440

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-

dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy requires that a third party bank trust department hold all securities owned by the City. All trades are settled on a delivery vs. payment basis through the City's safekeeping agent. The City has no deposits with financial institutions; bank balances are swept daily into a money market account.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

4. Capital Lease Receivable

The Redevelopment Agency has a direct financing lease arrangement with the State of California (the State) for a twelve-story office building. The lease term is for thirty years and the State takes ownership of the facility at the conclusion of that term. The lease calls for semi-annual payments not less than the debt service owed by the Redevelopment Agency on the lease revenue bonds issued for the purchase and renovation of the building. The future minimum lease payments to be received are as follows:

2010	\$ 2,355
2011	2,381
2012	2,413
2013	2,443
2014	2,473
Thereafter	<u>29,267</u>
Total Due	41,332
Less: amount applicable to interest	<u>(16,392)</u>
Total capital lease receivable	<u>\$24,940</u>

5. Capital Assets

The following is a summary of changes in the capital assets during the fiscal year ended June 30, 2009.

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$250,582	\$23,541	\$(3,543)	\$270,580
Construction in progress	84,661	78,194	(50,113)	112,742
Total capital assets not being depreciated	<u>335,243</u>	<u>101,735</u>	<u>(53,656)</u>	<u>383,322</u>
Capital assets being depreciated:				
Buildings	122,330	401	-	122,731
Improvements				
other than Buildings	95,264	20,456	-	115,720
Machinery and Equipment	72,175	4,309	(3,239)	73,245
Infrastructure	642,659	105,159	-	747,818
Total capital assets being depreciated	<u>932,428</u>	<u>130,325</u>	<u>(3,239)</u>	<u>1,059,514</u>
Less accumulated depreciation for:				
Buildings	(31,091)	(3,273)	-	(34,364)
Improvements				
other than Buildings	(32,242)	(3,984)	-	(36,226)
Machinery and Equipment	(43,777)	(6,893)	3,089	(47,581)
Infrastructure	(194,494)	(15,357)	-	(209,851)
Total accumulated depreciation	<u>(301,604)</u>	<u>(29,507)</u>	<u>3,089</u>	<u>(328,022)</u>
Total capital assets being depreciated, net	<u>630,824</u>	<u>100,818</u>	<u>(150)</u>	<u>731,492</u>
Governmental activities capital assets, net	<u>\$966,067</u>	<u>\$202,553</u>	<u>\$(53,806)</u>	<u>\$1,114,814</u>
Business type activities:	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 37,200	\$3,635	\$ -	\$40,835
Construction in progress	108,663	138,646	(112,051)	135,258
Total capital assets not being depreciated	<u>145,863</u>	<u>142,281</u>	<u>(112,051)</u>	<u>176,093</u>
Capital assets being depreciated:				
Buildings	234,591	5,764	(1,919)	238,436
Improvements				
other than Buildings	1,124,861	94,028	(2,859)	1,216,030
Machinery and Equipment	54,513	12,260	(2,496)	64,277
Total capital assets being depreciated	<u>1,413,965</u>	<u>112,052</u>	<u>(7,274)</u>	<u>1,518,743</u>
Less accumulated depreciation for:				
Buildings	(80,717)	(5,416)	13	(86,120)
Improvements				
other than Buildings	(396,044)	(31,508)	2,097	(425,455)
Machinery and Equipment	(33,057)	(4,847)	2,436	(35,468)
Total accumulated depreciation	<u>(509,818)</u>	<u>(41,771)</u>	<u>4,546</u>	<u>(547,043)</u>
Total capital assets being depreciated, net	<u>904,147</u>	<u>70,281</u>	<u>(2,728)</u>	<u>971,700</u>
Business type activities capital assets, net	<u>\$1,050,010</u>	<u>\$212,562</u>	<u>\$(114,779)</u>	<u>\$1,147,793</u>

Estimated useful lives used to compute depreciation are as follows:

Buildings and Improvements	30-50 years
Improvements other than Buildings	20-99 years
Machinery and Equipment	3-15 years
Infrastructure	20-100 years

Depreciation expense was charged to functions of the government as follows:

Governmental activities:	
General government	\$ 3,430
Public safety	4,102
Highways and streets, including depreciation of general infrastructure assets	16,725
Culture and recreation	5,250
Total depreciation expense – governmental activities	<u>\$29,507</u>

Business type activities:	
Electric	\$23,091
Water	9,771
Sewer	6,084
Refuse	1,378
Special Transportation	270
Airport	607
Public Parking	570
Total depreciation expense – business type activities	<u>\$41,771</u>

6. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Property insurance coverage has a limit of \$1,000,000, with a deductible of \$50. Earthquake and flood insurance coverage has a limit of \$15,000, with a deductible of 5% for earthquake and 2% for flood. Workers' compensation insurance coverage has a limit of \$25,000, with a deductible of \$3,000 per occurrence. The City carries commercial insurance up to \$23,000 for general and auto liability claims greater than \$3,000 per occurrence. There were no claims settled in the last three fiscal years that exceed insurance coverage. Internal service funds have been established to account for and finance the uninsured risks of loss.

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

All funds of the City participate in the Risk Management program and make payments to the Internal Service Funds based on actuarial estimates of the amounts needed to fund prior and current year claims and incidents that have been incurred but not reported. Interfund premiums are accounted for as quasi - external transactions and are therefore recorded as revenues of the Internal Service funds in the fund financial statements.

Changes in the funds' claims liability amounts are:

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u> <u>Compensation</u>	<u>Public</u> <u>Liability</u>	<u>Total</u>
Unpaid Claims, June 30, 2007	\$19,687	\$ 76	\$8,226	\$27,989
Incurred claims	2,086	104	6,451	8,641
Claim payments	<u>(2,530)</u>	<u>-</u>	<u>(5,621)</u>	<u>(8,151)</u>
Unpaid Claims, June 30, 2008	19,243	180	9,056	28,479
Incurred claims (including IBNR's)	(6,442)	41	6,647	246
Claim payments and adjustments	<u>1,801</u>	<u>-</u>	<u>(5,568)</u>	<u>(3,767)</u>
Unpaid claims, June 30, 2009	<u>\$14,602</u>	<u>\$ 221</u>	<u>\$ 10,135</u>	<u>\$24,958</u>

7. Long-Term Obligations

Changes in Long-Term Obligations: The following is a summary of changes in long-term obligations during the fiscal year:

The following debt has been issued for the purpose of generating capital resources for use in acquiring or constructing municipal facilities or infrastructure projects. The Redevelopment Agency does issue debt for the above purposes as well as for redevelopment related purposes such as housing and blight removal.

Governmental Activities:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Redevelopment Agency bonds	\$292,244	\$ -	\$ 6,501	\$285,743	\$ 6,625
General Obligation Bonds	18,774	-	603	18,171	625
Pension Obligation Bonds	142,170	30,425	33,185	139,410	33,960
Certificates of Participation	200,273	-	2,005	198,268	2,045
Capital leases	9,391	-	1,936	7,455	1,325
Notes Payable	9,040	-	291	8,749	586
Compensated Absences*	20,494	13,007	13,007	20,494	12,500
Net OPEB Obligation	<u>1,892</u>	<u>2,592</u>	<u>762</u>	<u>3,722</u>	<u>-</u>
Total	<u>\$694,278</u>	<u>\$46,024</u>	<u>\$58,290</u>	<u>\$682,012</u>	<u>\$57,666</u>

*Beginning balances have been adjusted for a change in the amount of compensated absences reported in the prior year. Beginning net assets of the governmental activities have not been restated since the net affect of changes are not material.

Business-type activities:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Revenue Bonds	\$720,749	\$ -	\$46,103	\$674,646	\$25,715
Notes Payable	8,569	-	654	7,915	666
Capital Leases	211	2,433	70	2,574	408
Landfill Capping	2,881	4,923	292	7,512	300
Arbitrage Liability	481	28	7	502	-
Water Stock Acquisition Rights	963	-	15	948	150
Net OPEB Obligation	<u>1,204</u>	<u>1,794</u>	<u>528</u>	<u>2,470</u>	<u>-</u>
Total	<u>\$735,058</u>	<u>\$ 9,178</u>	<u>\$ 47,669</u>	<u>\$696,567</u>	<u>\$27,239</u>

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

Long-Term Obligations at June 30, 2009:

Revenue Bonds:

Electric

\$98,730 1998 Electric Revenue Bonds (partial refunding issue); \$63,165 serial bonds, 4.25% to 5.38%, due in annual installments from \$4,650 to \$7,085 through October 1, 2013; \$35,565 term bonds, 5%, due October 1, 2022 (partially advance refunded in 2005, with final maturity in 2018).

\$ 35,125

\$47,215 2001 Electric Revenue Bonds; 2.9% to 5.25%, due in annual installments from \$2,855 to \$4,280 through October 1, 2016 (partially advance refunded in 2005, with final maturity in 2014).

22,740

\$75,405 2003 Electric Revenue Bonds; 2.0% to 5.0%, due in annual installments from \$1,035 to \$8,535 through October 1, 2013.

39,305

\$27,500 2004 Electric Revenue Bonds; Series A fixed rate bonds, 4.0% to 5.5%, due in annual installments from \$2,615 to \$3,695 through October 1, 2014.

19,305

\$199,115 2008 Electric Refunding/Revenue Bonds; Series A, B, and C; variable rate subject to weekly repricing (rate at June 24, 2009 was 3.5%), due in annual installments from \$1,800 to \$9,285 through October 1, 2035.

198,565

\$209,740 2008 Electric Revenue Bonds; Series D fixed rate bonds, 3.6% to 5.0%, due in annual installments from \$125 to \$24,960 through October 1, 2038.

209,740

Subtotal

524,780

Add: Unamortized bond premium

9,762

Less: Unamortized deferred bond refunding costs

(7,034)

\$527,508

Water

\$69,840 1991 Water Revenue Bonds; \$25,050 serial bonds, 4.25% to 9.0%, due in annual installments from \$675 to \$3,100 through October 1, 2002; \$25,900 Capital Appreciation Bonds, due in annual installments from \$3,235 to \$3,240 from October 1, 2003 to October 1, 2010; (partially advance refunded in 1998)

\$ 6,475

\$30,965 1998 Water Revenue Bonds (partial refunding issue); \$15,055 serial bonds, 4.0% to 5.38%, due in annual installments from \$205 to \$4,080 through October 1, 2013; \$15,910 term bonds, 5%, due October 1, 2027 (with final maturity in 2018).

20,405

\$20,000 2001 Water Revenue Bonds; 2.6% to 5.0%, due in annual installments from \$345 to \$585 through October 1, 2031 (partially advance refunded in 2005, with final maturity in 2016).

4,030

\$60,300 2008 Water Refunding/Revenue Bonds; Series A variable rate subject to weekly repricing (rate at June 25, 2009 was 3.6%), due in annual installments from \$425 to \$3,950 through October 1, 2035

59,875

\$58,235 2008 Water Revenue Bonds; Series B fixed rate bonds, 4.0% to 5.0%, due in annual installments from \$1,210 to \$7,505 through October 1, 2038.

58,235

Subtotal

149,020

Less: Unamortized bond premium

1,219

Less: Unamortized deferred bond refunding costs

(3,101)

\$ 147,138

Total Revenue Bonds:

\$674,646

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

Remaining revenue bond debt service payments will be made from revenues of the Electric and Water Enterprise funds. Annual debt service requirements to maturity are as follows:

	<u>Electric Utility Fund</u>			<u>Water Utility Fund</u>		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	21,300	21,735	43,035	4,415	5,939	10,354
2011	22,295	20,709	43,004	4,465	5,892	10,357
2012	21,050	19,693	40,743	4,590	5,939	10,529
2013	22,040	18,692	40,732	4,820	5,709	10,529
2014	21,080	17,640	38,720	5,050	5,289	10,339
2015-2019	66,230	78,514	144,744	20,850	23,255	44,105
2020-2024	63,970	67,585	131,555	19,275	19,677	38,952
2025-2029	77,070	54,104	131,174	23,160	15,674	38,834
2030-2034	94,000	36,768	130,768	28,085	10,638	38,723
2035-2039	115,745	14,449	130,194	34,310	4,235	38,545
Premium (Discount)	9,762	-	9,762	1,219	-	1,219
Refunding Costs	(7,034)	-	(7,034)	(3,101)	-	(3,101)
Total	<u>\$527,508</u>	<u>\$349,889</u>	<u>\$877,397</u>	<u>\$147,138</u>	<u>\$102,247</u>	<u>\$249,385</u>

Redevelopment Agency Bonds:

\$13,285 1991 Public Financing Authority Revenue Bonds, Series A, Multiple Project Areas; \$1,470 serial revenue bonds 7.15% to 7.6%, due in annual installments from \$100 to \$145 through February 1, 2003; and \$4,175 term bonds, 8.0%, due in annual installments from \$155 to \$450 through February 1, 2018 (portion not refunded)

\$ 160

\$17,025 1999 University Corridor/Sycamore Canyon Merged Project Area, Tax Allocation Bonds, Series A; \$6,205 serial bonds, 3.4% to 4.7% due in annual installments from \$40 to \$570 through August 1, 2014; \$4,810 term bonds at 4.75% due August 1, 2021; and \$6,010 term bonds at 5.0% due August 1, 2027

13,885

\$6,055 1999 University Corridor/Sycamore Canyon Merged Project Area, Subordinate Tax Allocation Bonds, Series B; \$1,900 serial bonds, 4.5% to 5.5% due in annual installments from \$35 to \$190 through September 1, 2013; \$1,135 term bonds at 5.5% due September 1, 2018; and \$3,020 term bonds at 5.625% due September 1, 2027

5,025

\$20,395 1999 Casa Blanca Project Area, Tax Allocation Bonds, Series A; \$8,925 serial bonds, 3.4% to 4.7% due in annual installments from \$455 to \$780 through August 1, 2014; \$2,565 term bonds at 4.75% due August 1, 2017; \$4,035 term bonds at 4.75% due August 1, 2021; and \$4,870 term bonds at 5.0% due August 1, 2025.

15,680

\$4,550 Arlington Redevelopment Project, 2004 Tax Allocation Bonds, Series A; \$420 term bonds at 3.8% due August 1, 2014; \$615 term bonds at 4.6% due August 1, 2024; and \$3,515 term bonds at 4.7% due August 1, 2034

4,395

\$2,975 Arlington Redevelopment Project, 2004 Tax Allocation Bonds; Series B: 5.5% due in annual installments from \$85 to \$235 through August 1, 2024

2,605

\$26,255 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series A; 2.0% to 5.0% due in annual installments from \$545 to \$2,230 through October 1, 2024

22,330

\$4,810 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series B; \$310 serial bonds 1.20% to 1.42% through October 1, 2004; \$620 term bonds at 3.090% due Oct. 1, 2008; \$1,110 term bonds at 4.340% due Oct. 1, 2014 and \$2,770 term bonds at 5.480% due Oct. 1, 2024

3,880

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

\$40,435 Downtown/Airport Merged Project Area, 2003 Tax Allocation and Refunding Bonds; \$32,720 serial bonds 2.0% to 5.25% due in annual installments from \$1,220 to \$1,955 through August 1, 2023; and \$7,715 term bonds at 5.0% due in annual installments from \$195 to \$2,060 through August 2034

34,045

\$24,115 2005 Housing Set-Aside Tax Allocation Bonds; \$17,025 serial bonds 3.0% to 4.625% due in annual installments from \$505 to \$1,165 through August 1, 2025; \$2,425 term bonds at 5.0% due August 1, 2028; and \$4,665 term bonds at 4.85% due August 1, 2034

21,850

\$1,465 California Statewide Communities Development Authority 2005 Taxable Revenue Bonds, Series A (CRA/ERAF Loan Program); 3.87% to 5.01% due in annual installments of \$105 to \$180 through August 1, 2015

1,105

\$8,340 Downtown/Airport Merged Project Area and Casa Blanca Project Area 2007 Tax Allocation Bonds, Tax Exempt, Series A, serial bonds 4.0% to 4.25% due in annual installments from \$20 to \$590,000 through August 1, 2025; \$4,980 term bonds at 4.5% due August 1, 2029; \$410 term bonds at 4.375% due August 1, 2037

8,320

\$14,850 Downtown/Airport Merged Project Area and Casa Blanca Project Area 2007 Tax Allocation Bonds, Taxable, Series B, \$4,050 term bonds at 5.2% due August 1, 2017; \$10,800 term bonds at 5.8% due August 1, 2028

14,575

\$89,205 University Corridor/Sycamore Canyon Merged Project Area, Arlington Project Area, Hunter Park/Northside Project Area, Magnolia Center Project Area, and La Sierra/Arlanza Project Area 2007 Tax Allocation Bonds, Tax-Exempt, Series C, serial bonds 4.0% to 5.0% due in annual installments from \$50 to \$3,210 through August 1, 2025; \$17,955 term bonds at 4.5% due August 1, 2030; \$47,775 term bonds at 5.0% due August 1, 2037

89,155

\$43,875 University Corridor/Sycamore Canyon Merged Project Area, Arlington Project Area, Hunter Park/Northside Project Area, Magnolia Center Project Area, and La Sierra/Arlanza Project Area 2007 Tax Allocation Bonds, Taxable, Series D, \$15,740 term bonds due August 1, 2017; \$28,135 term bonds due August 1, 2032

42,275

Subtotal 279,285
Add: Unamortized bond premium 6,457
Total Redevelopment Agency Bonds \$285,742

Remaining debt service will be paid by the Redevelopment Agency Debt Service Funds from future property tax revenues. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	6,625	13,670	20,295
2011	6,925	13,380	20,305
2012	7,235	13,072	20,307
2013	7,565	12,753	20,318
2014	7,920	12,411	20,331
2015-2019	45,695	56,073	101,768
2020-2024	61,015	42,744	103,759
2025-2029	58,175	26,736	84,911
2030-2034	45,205	13,826	59,031
2035-2039	32,925	3,110	36,035
Premium	6,457	-	6,457
Total	<u>\$285,742</u>	<u>\$207,775</u>	<u>\$493,517</u>

Principal
General Obligation Bonds: Outstanding

\$20,000 Fire Facility Projects, Election of 2003 General Obligation Bond; 3.0% to 5.5%, due in annual installments from \$410 to \$1,740 through August 1, 2024

\$17,940

Add; Unamortized bond premium 231
Total General Obligation Bonds \$18,171

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

Remaining general obligation bond debt service payments will be made from unrestricted revenues of the General fund. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	625	819	1,444
2011	675	794	1,469
2012	725	766	1,491
2013	780	737	1,517
2014	840	706	1,546
2015-2019	5,210	2,934	8,144
2020-2024	7,345	1,485	8,830
2025-2029	1,740	48	1,788
Premium	231	-	231
Total	<u>\$18,171</u>	<u>\$8,289</u>	<u>\$26,460</u>

Pension Obligation Bonds:

\$89,540 California Statewide Community Development Authority (Public Safety) 2004 Taxable Pension Obligation Bond; 2.65% to 5.896%, due in annual installments from \$1,125 to \$10,715 through June 1, 2023	<u>\$82,100</u>
\$30,000 2005 Taxable Pension Obligation Bonds Series A; 3.85% to 4.78%, due in annual installments \$630 to \$3,860 through June 1, 2020	<u>26,885</u>
\$30,425 2009 Taxable Pension Obligation Refunding Bond Anticipation Notes; rate at June 30, 2009 was 1.5%, \$30,425 due June 1, 2010.	<u>30,425</u>
Total Pension Obligation Bonds	<u>\$139,410</u>

Remaining pension obligation bond debt service payments will be made from unrestricted revenues of the General fund. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	*33,960	6,414	40,374
2011	4,130	5,792	9,922
2012	4,780	5,593	10,373
2013	5,475	5,357	10,832
2014	6,230	5,079	11,309
2015-2019	44,815	19,539	64,354
2020-2024	40,020	5,891	45,911
Total	<u>\$139,410</u>	<u>\$53,665</u>	<u>\$193,075</u>

* Principal payment includes the refunding

Certificates of Participation:

\$6,360 1999 Municipal Improvements Corporation Certificates of Participation; 6.0% to 7.6%, due in annual installments from \$310 to \$815 through April 1, 2010	<u>\$ 815</u>
\$53,185 2003 Riverside Public Financing Authority Certificates of Participation; 2.0% to 5.0%, due in annual installments from \$755 to \$2,830 through September 1, 2033	<u>47,845</u>
\$19,945 2006 Galleria at Tyler Public Improvements Certificates of Participation; 4.0% to 5.0%, due in annual installments from \$435 to \$1,270 through September 1, 2036	<u>19,945</u>
\$128,300 2008 Riverside Renaissance Certificates of Participation; rate at June 30, 2008 was 3.62%, due in annual installments from \$2,900 to \$7,200 through March 1, 2037	<u>128,300</u>
Subtotal	<u>196,905</u>
Add: Unamortized bond premium	<u>1,363</u>
Total Certificates of Participation	<u>\$198,268</u>

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

Remaining certificates of participation debt service payments will be made from unrestricted revenues of the Debt Service funds. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	2,045	7,533	9,578
2011	4,175	7,403	11,578
2012	4,750	7,250	12,000
2013	4,920	7,079	11,999
2014	5,085	6,902	11,987
2015-2019	28,660	31,418	60,078
2020-2024	34,970	25,346	60,316
2025-2029	39,490	18,138	57,628
2030-2034	48,275	9,618	57,893
2035-2039	24,535	1,525	26,060
Premium	1,363	-	1,363
Total	<u>\$198,268</u>	<u>\$122,212</u>	<u>\$320,480</u>

Contracts – Enterprise Funds:	<u>Principal</u> <u>Outstanding</u>
Water stock acquisition rights payable on demand to various water companies	<u>\$948</u>

Notes Payable - Redevelopment Agency:	<u>Principal</u> <u>Outstanding</u>
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These notes payable have been issued to promote development and expansion within the City's redevelopment areas.

Pepsi Cola Bottling Company of Los Angeles, 10.5%, payable in net annual installments of \$341, including principal and interest through June 2020	\$2,987
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HUD Section 108 loan for University Village, 5.36% to 7.66%, payable in semi-annual installments beginning August 1, 1996 of \$272 to \$425 through August 1, 2015	2,260
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HUD Section 108 loan for Mission Village Project, 6.15% to 6.72%, payable in semi-annual installments beginning August 1, 1999 of \$110 to \$420 through August 1, 2018	3,175
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Note payable to California Housing Finance Agency, interest at 3%, payable in annual installments of \$88 through 2013, for housing projects.	<u>327</u>
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Total notes payable – Redevelopment Agency	<u>\$ 8,749</u>
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Remaining notes payable debt service payments will be made from unrestricted revenues of the Redevelopment Agency. Annual debt service requirements to maturity are as follows:

<u>Redevelopment Agency</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	586	601	1,187
2011	631	574	1,205
2012	677	543	1,220
2013	728	509	1,237
2014	692	471	1,163
2015-2019	2,907	1,779	4,686
2020-2024	471	1,238	1,709
2025-2029	777	932	1,709
2030-2034	1,280	430	1,710
Total	<u>\$ 8,749</u>	<u>\$7,077</u>	<u>\$15,826</u>

Notes payable – Sewer Fund:	<u>Principal</u> <u>Outstanding</u>
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Sewer fund loan from State of California for Cogeneration project, 2.336%, payable in net annual installments of \$339,474, beginning January 29, 2003 through January 29, 2022	\$ 3,574
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Sewer fund loan from State of California for Headworks project, 1.803%, payable in net annual installments of \$477,387, beginning November 6, 1999 through November 6, 2018	<u>4,341</u>
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Total notes payable – Sewer Fund	<u>\$7,915</u>
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CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

Remaining notes payable debt service payments will be made from unrestricted revenues of the Sewer fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Sewer Fund		Total
	Principal	Interest	
2010	666	151	817
2011	679	138	817
2012	692	125	817
2013	705	112	817
2014	718	99	817
2015-2019	3,797	286	4,083
2020-2021	658	21	679
Total	<u>\$7,915</u>	<u>\$932</u>	<u>\$8,847</u>

Capital Leases:

The City leases various equipment through capital leasing arrangements in the governmental and proprietary fund types. These activities are recorded for both governmental and business-type activities in the government-wide financial statements. The assets and related obligations under leases in governmental funds are not recorded in the fund statements. For proprietary funds, the assets and their related liabilities are reported directly in the fund. Amortization applicable to proprietary assets acquired through capital lease arrangements is included with depreciation for financial statement presentation. The assets acquired through capital leases are as follows:

Asset	Governmental	Business-Type
	Activities	Activities
Buildings and improvements	\$6,069	\$488
Equipment	4,763	2,727
Subtotal	10,832	3,215
Less: Accumulated		
Depreciation	(2,330)	(133)
Total	<u>\$8,502</u>	<u>\$3,082</u>

The future minimum lease obligations as of June 30, 2009 were as follows:

Years Ending June 30,	Governmental Activities	Business-type Activities
2010	1,598	497
2011	1,598	497
2012	1,081	446
2013	938	446
2014	703	446
Thereafter	2,140	497
Copiers	585	-
Total Minimum lease payments	8,643	2,829
Less: Amount representing interest (rates ranging from 2.5% to 9%)	(1,188)	(255)
Total capital lease payable	<u>\$7,455</u>	<u>\$2,574</u>

The following are legally required debt service cash reserves. These amounts, at a minimum, are held by the City or fiscal agents at June 30, 2009:

<u>General long-term obligations:</u>	
Redevelopment Agency	\$ 7,033
Certificates of Participation	12,908
Total	<u>\$19,941</u>

<u>Enterprise funds:</u>	
Electric	\$31,398
Water	8,259
Total	<u>\$39,657</u>

The City and its component units have a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. The debt service coverage ratios also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

Description of <u>Pledged Revenue</u>	Annual Amount of Pledged Revenue (net of expenses, <u>where required</u>)	Annual Debt Service Payments (of all debt secured by <u>this revenue</u>)	Debt Service Coverage Ratio for FYE <u>6/30/09</u>
Tax increment:			
Non-Housing	\$42,659	\$15,440	2.76
Housing	7,611	2,776	2.74
Electric revenues	117,543	45,286	2.60
Water revenues	25,247	11,201	2.25

There are also a number of limitations and restrictions contained in Assessment Bond indentures. The City believes they are in compliance with all significant limitations and restrictions.

Defeasance of Debt:

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt issues. Accordingly, the trust account assets and liability for the defeased debt issues are not included in the City's financial statements.

At June 30, 2009, the following amounts are considered defeased:

2001 Electric Revenue Bonds	\$9,260,000
2001 Water Revenue Bonds	13,320,000
1993 Sewer Revenue Bonds	17,590,000

Landfill Capping:

State and Federal laws and regulations require the City to place a final cover on all active landfills when closed and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. To comply with these laws and regulations, the City is funding the costs of closure and "final capping" of the Tequesquite landfill located in the City. This area, comprised of approximately 120 acres, operated as a "Class II Sanitary Landfill" until its closure in 1985. During its operation, the landfill did not accept hazardous waste and no clean up and abatement or cease and desist orders have been issued to the City. The capacity used at June 30, 2009 was 100%.

The estimated costs as determined by an independent consultant and updated by the City's Engineering Department are associated with flood control upgrades, remediation of possible ground water contamination and control of methane gas. All potential costs have been recognized in the financial statements. There is the potential for these estimates to change due to inflation, deflation, technology, or change in laws or regulations. To

fund the cost, the City imposed a landfill capping surcharge on customers effective August 1, 1988. The minimum unamortized estimated cost is recorded as a deferred charge in the accompanying financial statements of the Refuse fund and is being amortized on a straight-line basis over the remaining post closure period, currently 23 years. The estimated cost of meeting the State's requirements was increased by \$4.9 million during 2009 based on the engineer's annual review of closure and post-closure maintenance costs.

8. Other Long-Term Obligations

Assessment Districts Bonds (Not obligations of the City)

As of June 30, 2009, the City has several series of Assessment District Bonds outstanding in the amount of \$64,102. Bonds issued for improvements in certain special assessment districts, in accordance with the provisions of the Municipal Improvements Acts, are liabilities of the property owners and are secured by liens against the assessed property. The City Treasurer acts as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if applicable. Since the debt does not constitute an obligation of the City, it is not reflected as a long-term obligation of the City and is not reflected in the accompanying basic financial statements.

Conduit Debt Obligations

Mortgage Revenue Bonds outstanding of \$10,385 and Industrial Development Revenue Bonds of \$11,275 are not included in the accompanying financial statements. These bonds are special obligations of third parties and payable solely from and secured by a pledge of the receipts received from the acquired mortgage loans and certain other reserve funds and related monies. The bonds are not payable from any other revenues or assets of the City or Redevelopment Agency. Neither the faith and credit nor the taxing power of the City, the Redevelopment Agency, the State of California or any political subdivision thereof is pledged to the payment of the principal and interest on the bonds.

9. Interest Rate Swaps

Objective: In order to lower borrowing costs as compared to fixed-rate bonds, at the time of issuance in May 2008, the City entered into interest rate swap agreements in connection with its \$198,115 2008 Electric Revenue Bonds (Series A, B, and C) and \$61,300 2008 Water Revenue Bonds. Also, in 2008, the City entered into an additional interest rate swap agreement in connection with its \$128,300 2008 Certificates of Participation.

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

Terms: Per the existing swap agreements, the City pays a counterparty a fixed payment and receives a variable payment computed as 62.68% of the London Interbank Offering Rate ("LIBOR") one month index plus 12 basis points for the Electric and Water swaps. For the COP swap, the City again pays a fixed payment and receives a variable payment computed as 63.00% of the LIBOR one month index plus 7 basis points. The swaps have notional amounts equal to the principal amounts stated above. Starting in fiscal year 2009, the notional value of the swaps and the principal amounts of the associated debt decline by \$975 to \$7,200 until the debt is completely retired in fiscal year 2037.

The bonds and the related swap agreements for the 2008A Electric Revenue Bonds mature on October 1, 2029 and the 2008B and C Electric and 2008 Water Revenue/Refunding Bonds both mature on October 1, 2035. The 2008 Certificates of Participation mature on March 1, 2037.

As of June 30, 2009 rates were as follows:

		<u>2008 Water Refunding/ Revenue Bonds Series A</u>	<u>2008 Electric Refunding/ Revenue Bonds Series B</u>
	<u>Terms</u>	<u>Rates</u>	<u>Rates</u>
Interest rate swap:			
Fixed payment to counterparty	Fixed	3.20000%	3.20100%
	62.68 LIBOR		
Variable payment from counterparty	+ 12 bps	(2.50962%)	(2.49327%)
Net interest rate swap payments		0.69038%	0.70773%
Variable-rate bond coupon payments		2.72754%	2.79314%
Synthetic interest rate on bonds		3.41792%	3.50087%

		<u>2008 Electric Refunding/ Revenue Bonds Series C</u>	<u>2008 Electric Refunding/ Revenue Bonds Series A</u>
	<u>Terms</u>	<u>Rates</u>	<u>Rates</u>
Interest rate swap:			
Fixed payment to counterparty	Fixed	3.20400%	3.11100%
	62.68 LIBOR		
Variable payment from counterparty	+ 12 bps	(2.48821%)	(2.50897%)
Net interest rate swap payments		0.71579%	0.60203%
Variable-rate bond coupon payments		2.79678%	2.76583%
Synthetic interest rate on bonds		3.51258%	3.36786%

	<u>Terms</u>	<u>COP 2008 Bonds Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.36200%
	63.00 LIBOR	
Variable payment from counterparty	+ 7 bps	(1.16340%)
Net interest rate swap payments		2.19860%
Variable-rate bond coupon payments		1.23936%
Synthetic interest rate on bonds		3.43796%

Fair Value: As of June 30, 2009, in connection with all swap arrangements, the transactions had a total negative fair value of <\$29,870>. Because the coupons on the City's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value decrease. The fair value was developed by a pricing service using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Credit risk: As of June 30, 2009, the City was not exposed to credit risk because the swap had a negative fair value. The swap counterparties, Bank of America, J.P. Morgan and Merrill Lynch were rated AA+, AA- and A respectively by Standard & Poor's. To mitigate the potential for credit risk, the swap agreements require the fair value of the swap to be collateralized by the counterparty with U.S. Government securities if the counterparties' rating decreases to negotiated trigger points. Collateral would be posted with a third-party custodian. At June 30, 2009, there is no requirement for collateral posting for any of the outstanding swaps.

Basis risk: As noted above, the swaps expose the City to basis risk should the relationship between LIBOR and the variable interest rate, changing the synthetic rate on the bonds. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized.

Termination risk: The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, a swap may be terminated by the City if either counterparty's credit quality falls below "BBB-" as issued by Standard and Poor's. The City or the counterparty may terminate a swap if the other party fails to perform under the terms of the

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

contract. If a swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination a swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt: As of June 30, 2009, the debt service requirements of the variable-rate debt and net swap payments assuming current interest rates remain the same, for their term are summarized in the following table. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	<u>Variable-Rate Bonds</u>		Interest Rate	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Swaps, Net</u>	
2010	\$ 1,000	\$ 7,305	\$ 4,601	\$ 12,906
2011	1,025	7,276	4,588	12,889
2012	6,350	7,175	4,505	18,030
2013	6,575	7,071	4,420	18,066
2014	6,800	6,962	4,332	18,094
2015-2019	63,975	30,804	19,688	114,467
2020-2024	75,475	23,494	15,749	114,718
2025-2029	82,650	15,944	10,902	109,496
2030-2034	91,825	7,697	5,567	105,089
2034-2037	<u>49,050</u>	<u>436</u>	<u>504</u>	<u>49,990</u>
Total	<u>\$384,725</u>	<u>\$114,164</u>	<u>\$ 74,856</u>	<u>\$573,745</u>

10. Reserved Fund Balances:

Reserved fund balances at June 30, 2009 for the General Fund, Redevelopment Debt Service Fund, COPS Debt Service Fund, Capital Outlay Fund and the Redevelopment Capital Projects Fund consist of the following:

Reserved for:	
Encumbrances	\$ 49,926
Interfund receivable	27,465
Debt service	39,109
Prepaid items	314
Notes receivable	527
Fire bond	9,928
Land & improvements held for resale	<u>73,511</u>
Total reserved fund balance	<u>\$200,780</u>

11. Interfund Assets, Liabilities and Transfers

Due From/To Other Funds: These balances resulted from expenditures being incurred prior to receipt of the related revenue source.

The following table shows amounts receivable/payable between funds within the City at June 30, 2009:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$2,945
	Capital Outlay Fund	10,237
	Unemployment Insurance*	12
	Central Stores *	<u>2,787</u>
		<u>15,981</u>
RDA Capital Projects	RDA Debt Service	<u>3</u>
Nonmajor Governmental Funds	Capital Outlay Fund	12,553
	Nonmajor Governmental Funds	<u>95</u>
		<u>12,648</u>
Total		<u>\$28,632</u>
* Internal service funds		

Advances To/From Other Funds: These balances consist of advances used to fund capital projects in advance of related financing/assessments and for other long-term borrowing purposes.

The following table shows amounts advanced from funds within the City to other funds within the City at June 30, 2009:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Electric	\$12,979
	Redevelopment Capital Projects	745
	Water	5,584
	Sewer	3,572
	Nonmajor Governmental Funds	598
	Nonmajor Enterprise Funds	2,401
	Workers' Compensation *	234
	Central Stores *	246
	Central Garage *	<u>1,106</u>
		<u>27,465</u>

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

Workers' Compensation *	Nonmajor Enterprise Funds	6,881	COPS Debt Service Fund	General Fund	7,775
	General	217		Redevelopment Debt Service	245
	Redevelopment Capital			Capital Outlay	337
	Projects	<u>5,518</u>		Nonmajor Enterprise Funds	<u>840</u>
		12,616			<u>9,197</u>
Sewer	Redevelopment Capital		Capital Outlay	COPS Debt Service Fund	<u>304</u>
	Projects	10,018			<u>304</u>
Electric	Redevelopment Capital		Redevelopment Capital		
	Projects	5,269	Projects	Redevelopment Debt Service	<u>35,991</u>
	Central Stores*	<u>650</u>			<u>35,991</u>
		<u>5,919</u>			
Total		<u>\$56,018</u>	Nonmajor Governmental	Redevelopment Capital	
			Funds	Projects	414
				Nonmajor Governmental Funds	<u>1,056</u>
					<u>1,470</u>
			Total		<u>\$100,797</u>

Transfers In/Out: Transfers are used to (1) move revenues to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) record the difference between the sales price and original carrying value of an asset that was transferred from the General Fund to the Water Fund (4) use unrestricted revenues collected in the General fund to finance various programs accounted for in the other funds in accordance with budgetary operations.

The following table shows amounts transferred to/from funds within the City as of June 30, 2009:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General	Electric	\$29,583
	Water	11,664
	Capital Outlay	7,500
	COPS Debt Service Fund	<u>1,903</u>
		<u>50,650</u>
Redevelopment Debt Service	Nonmajor Governmental Funds	<u>3,185</u>
		<u>3,185</u>

12. Deficit Fund Balances/Net Assets

Deficit fund balance/net assets exist in the Urban Areas Security Initiative Special Revenue Fund (\$92), Housing & Community Development Special Revenue Fund (\$120), Transportation Capital Projects Fund (\$20), Unemployment Compensation Internal Service Fund (\$229), and the Public Liability Internal Service Fund (\$7,580) at fiscal year end. The deficit in these funds will be primarily reduced based on a rate increase implemented in the subsequent fiscal year. Management's analysis shows that continuing cost control together with the rate increase will eliminate these deficits over the next few years.

13. Litigation

The City continues to participate in key FERC dockets impacting the City's Electric Utility, such as the California Independent System Operator's (ISO) Market Redesign and Technology Upgrade (MRTU).

The Electric and Water Utilities are defendants in various lawsuits arising in the normal course of business. Present lawsuits and other claims against the

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

Electric and Water Utilities are incidental to the ordinary course of operations and are largely covered by the City's self-insurance program. In the opinion of management and the City Attorney, such claims and litigation will not have a materially adverse effect upon the financial position or results of operation of the City.

The Water Utility is also a plaintiff in a lawsuit against the manufacturers and distributors of methyl tertiary-butyl ether (MTBE) and its by-products, and of fuel containing these chemicals, arising out of the threat to the Water Utility wells of contamination with those chemicals from leaking underground storage tanks.

The defendants removed this lawsuit to federal court and then transferred the case to the Judicial Panel on Multidistrict Litigation, New York, where it was consolidated with all other pending MTBE water contamination litigation cases in the country. Although the City has tentatively settled with a number of the defendants, the settlement has not been approved by the court and no trial date for the remainder of the case.

The City also detected perchlorate in a number of its drinking water wells. While Lockheed Martin has not admitted liability for the presence of perchlorate in the City's wells, Lockheed Martin has agreed to pay for the design, construction, installation, rental and permitting, and to reimburse the City for its operational and maintenance costs associated with perchlorate treatment facilities on certain of the City's drinking water wells, under an agreement between the City and Lockheed Martin dated October 29, 2002 (the "Interim Perchlorate Agreement"). The Interim Perchlorate Agreement has been thrice amended, on November 25, 2003, on February 22, 2005, and on May 31, 2007, with each amendment increasing the number of wells from an original four wells to fourteen wells being treated for perchlorate at Lockheed Martin's expense.

14. City Employees Retirement Plan

(A) Plan Description. The City of Riverside contributes to the California Public Employees Retirement System (CalPERS), an agent multiple employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Benefit provisions and all other

requirements are established by state statute and City ordinance. Copies of CalPERS annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

(B) Funding Policy. For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

(C) Annual Pension Cost. The required contribution was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25% per year compounded annually, attributable to inflation, and (c) 3.0% expected long term inflation. The actuarial value of CalPERS assets was determined using techniques that smooth the affects of short-term volatility in the market value of investments (smoothed market value). CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over 20 years.

Three-year trend information for CalPERS:

<u>Fiscal</u> <u>Year</u>	<u>Plan</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>% of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u> <u>(Asset)</u>
<u>June 30,</u>				
2007	Misc	\$11,693	100%	(58,908)
2007	Safety	10,622	100%	(87,813)
2008	Misc	12,457	100%	(58,334)
2008	Safety	11,134	100%	(87,043)
2009	Misc	14,735	100%	(57,548)
2009	Safety	12,543	100%	(85,909)

A total of \$143,457 of net pension assets are included as a deferred charge in the Government-wide Statement of Net Assets. The deferred charge relating to the net pension assets will be amortized over 19 years in accordance with the method used by CalPERS for calculating actuarial gains and losses.

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

Determination of Net Pension Asset as of June 30, 2009:

	<u>Misc</u>	<u>Safety</u>
Annual required contribution	\$13,949	11,409
Interest on net pension asset	(4,521)	(6,746)
Adjustment to annual required contribution	5,307	7,880
Annual pension cost	14,735	12,543
Less contributions made	(13,949)	(11,409)
Decrease (Increase) in net pension asset	786	1,134
Net pension asset, beginning of year	(58,334)	(87,043)
Net pension asset, end of year	<u>\$(57,548)</u>	<u>(85,909)</u>

Schedule of funding for CalPERS:

<u>Plan</u>	<u>Actuarial Valuation Date</u>	<u>Entry Age Normal Accrued Liability (AAL)</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Actuarial Accrued Liability (UAAL)</u>	<u>% Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
Misc.	6/30/05	\$655,642	634,694	20,948	96.8	84,290	24.9
Safety	6/30/05	486,880	468,652	18,228	96.3	50,368	36.2
Misc.	6/30/06	712,551	677,903	34,648	95.1	92,844	37.3
Safety	6/30/06	523,914	498,433	25,481	95.1	53,728	47.4
Misc.	6/30/07*	770,089	731,550	38,539	95.0	102,435	37.6
Safety	6/30/07*	567,733	536,774	30,959	94.5	61,058	50.7

* Information presented is for the most recent valuation date available.

Other Post-Employment Benefits

(All amounts are in whole dollars unless otherwise stated)

Plan Description

The City of Riverside (City) contributes to two single-employer defined benefit healthcare plans: a Stipend Plan and the Implied Subsidy Plan. The plans provide other post-employment health care benefits (OPEB) for eligible retirees and beneficiaries.

The Stipend Plan is available to eligible retirees and beneficiaries pursuant to their collective bargaining agreements. The City currently contributes to seven bargaining units through their associations. The following seven associations are responsible for the administration of their individual plans: The Riverside City Fire Association (RCFA), International Brotherhood of Electrical Workers General Trust (IBEW), The Riverside Police Administrator's Association (RPAA), The Riverside Police Association Sergeants Trust 1991 (RPOA 91), The Riverside Police Association Sergeants Trust 2006 (RPOA 06), Service Employee's International Union General Trust (SEIUG), and the Service Employee's International Union Refuse (SEIUR). The RCFA and the RPAA associations are new trusts and the benefit levels are not yet established, therefore the actuarial information was excluded and the actuarial information stated that the ARC for both trusts would be equal to the City's contribution.

The City also provides benefits to retirees in the form of an implied rate subsidy (Implied Subsidy). Under an implied rate subsidy, retirees and current employees are insured together as a group, thus creating a lower rate for retirees than if they were insured separately. Although the retirees are solely responsible for the cost of their health insurance benefits through this plan, the retirees are receiving the benefit of a lower rate.

Benefit provisions for the Stipend Plan for eligible retirees and beneficiaries are established and amended through the various memoranda of understanding (MOU). The MOU's are agreements established between the City and the respective employee associations. The City does not issue separate stand-alone financial reports for the plans, instead financial information for the trust funds can be obtained by contacting the individual association. The benefit summary information is as followed:

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

BENEFIT SUMMARY¹			
Eligibility & Benefit	Trust/Group	Eligibility	Monthly Benefit
	• IBEW	• DOR>7/1/2000 50 & 5, or disability	• \$100 until Medicare eligible
	• RPOA 91	• Active on 6/1/90 or bought into plan, 20 yrs as Police officer (15 with City), or industrial disability with 5 yrs City Police service	• DOR<6/1/1990: \$75 • DOR>6/1/1990: \$150
	• RPOA 06	• DOR>7/1/06, 15 yrs City police service, or industrial disability	• \$200
	• SEIUG	• 20 yrs City service or industrial disability with 5 yrs service	• DOR<6/30/90: \$50 • DOR>6/30/90: \$100
	• SEIUR	• 20 yrs City service or industrial disability with 5 yrs service	• \$100

BENEFIT SUMMARY			
■ Eligibility	■ Retire directly from City under CalPERS (age 50, 5 years of service or disability), and meet plan eligibility above		
	■ City Contribution	<u>Trust/Group</u>	<u>Contribution</u>
		• IBEW	• \$50/month for each active
		• RPOA 91	• Initial contribution of \$750,000
		• RPOA 06	• \$100/month for each active
		• SEIUG	• Each January 1st through 2010, City contributes 0.25% of annual full-time payroll
		• SEIUR	• Each January 1st through 2011, City contributes 0.25% of annual full-time payroll

Funding Policy and Annual OPEB Cost

The contribution requirements of the City for the Stipend Plan are established and may be amended through the memoranda of understanding (MOU) between the City and the unions. The City's contribution is paid on a "pay-as-you-go-basis", which is currently less than the annual required contribution.

Assets	
Trust Amounts	
As of Most Recent Actuarial Valuation	
IBEW General Retiree Health Trust	\$ 204,858
RPOA 1991 Trust	531,376
RPOA 2006 Trust	230,105
SEIU General Retiree Health	1,839,569
SEIU Refuse Retiree Health	30,317
Total	\$ 2,836,225

The contribution requirements of the City's Implied Subsidy Plan are established by the City Council. The City is not required by law or contractual agreement to provide funding other than the pay-as-you-go amount necessary to provide current benefits to eligible retirees and beneficiaries.

¹ Chart information obtained from the Bartel Associates, LLC Stipend and Implied Subsidy Plans-GASB 45 Actuarial Valuation report dated July 24, 2008.

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

The City's annual OPEB cost (expense) for each plan is reported based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) (UAAL) over a period not to exceed thirty years.

The City's annual OPEB costs for the current year and the related information for each plan are as follows (amounts in thousands):

RESULTS – STIPEND PLANS					
Annual Required Contribution (ARC) at 4.5% 2008/09 Fiscal Year (amounts in 000's)					
	IBEW	RPOA 1991 Trust	RPOA 2006 Trust	SEIU General	SEIU Refuse
▪ ARC \$					
• Normal Cost ²	\$19	\$44	\$303	\$172	\$7
• UAAL					
• Amortization ³	4	94	150	128	8
• Total	23	138	453	300	15
▪ 2008/09 Payroll	15,326	8,343	27,253	47,621	1,762
▪ ARC as % of payroll					
• Normal Cost	0.1%	0.5%	1.1%	0.4%	0.4%
• UAAL					
• Amortization	0.0%	1.1%	0.6%	0.3%	0.5%
• Total	0.1%	1.6%	1.7%	0.7%	0.9%
▪ Current Contribution					
• \$	\$123	-	\$424	\$113 ⁴	-
• % of payroll	0.8%	-	1.6%	0.24%	-

² Level \$

³ Amortized as a level percent of payroll over 30 years

⁴ Contribution was based on annual projected payroll figures as of January 1, 2009. If actual payroll had been used, contributions would be \$119.

RESULTS – IMPLIED SUBSIDY
Discount Rate and Amortization Sensitivity
(amounts in 000's)

Discount Rate	4.5%	
	20 Years	30 Years
▪ Amortization Period		
▪ Present Value of Benefits ⁵	\$75,665	\$75,665
▪ Funded Status ⁵		
• AAL (Accrued Actuarial Liability)	50,430	50,430
• Assets	-	-
• UAAL	50,430	50,430
▪ 2008/2009 ARC ⁵		
• Normal Cost	2,306	2,306
• UAAL Amortization	2,947	2,080
• ARC	5,253	4,386
• ARC as % of payroll	3%	3%

The City's annual OPEB cost (AOC), the contribution, and the net OPEB obligation (NOO) for the year ended June 30, 2009 for each of the plans were as follows (dollar amounts in thousands):

RESULTS – STIPEND PLANS						
Estimated Net OPEB Obligation (amounts in 000's)						
4.5% Discount Rate						
	IBEW	RPOA 1991 TRUST	RPOA 2006 TRUST	SEIU GENERAL	SEIU REFUSE	Total
▪ NOO 6/30/2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• AOC ⁶	23	138	453	300	15	929
• Contribution	(105)	-	(322)	(113)	(4)	(544)
▪ NOO 6/30/2008	\$ (82)	\$ 138	\$ 131	\$ 187	\$ 11	\$ 385
• AOC ⁵	23	138	453	300	15	929
• Contribution	(123)	-	(424)	(113)	-	(660)
▪ Estimated NOO 6/30/2009	\$(182)	\$ 276	\$ 160	\$ 374	\$ 26	\$ 654

⁵ Based on most recent actuarial valuation performed as of 6/30/08.

⁶ 30 year amortization. Level \$ for IBEW, RPOA 1991 & RPOA 2006. Level % of payroll for SEIU General and SEIU Refuse.

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

RESULTS – IMPLIED SUBSIDY	
Estimated Net OPEB Obligation	
(amounts in 000's)	
	No Pre-Funding 4.5%
▪ NOO 6/30/2007	\$ -
○ 2007/08 ARC ⁷	4,386
○ Contributions ⁸	(1,290)
▪ NOO 6/30/2008	\$ 3,096
○ 2008/09 ARC ⁹	4,386
○ Contributions ⁷	(1,290)
▪ Estimated NOO 6/30/2009	\$ 6,192

Funding Status and Funding Progress

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information normally provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Based on the most recent actuarial valuation performed on June 30, 2008, the actuarial accrued liability for benefits was \$50.4 million. The funded status of the Stipend Plan was as follows (amounts in thousands):

Stipend Plan

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Actuarial Valuation Date	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$ 2,885	\$ 12,186	\$9,301	06/30/08*	24%	92,643	10%

* Information presented is for the most recent valuation date available.

7 UAAL amortized as a level percent of payroll over 30 years.

8 Includes benefit payments.

9 Based on most recent actuarial valuation performed as of 6/30/08.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the city and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

ACTUARIAL ASSUMPTIONS																							
June 30, 2007 Valuation																							
▪ Valuation Date	<ul style="list-style-type: none"> June 30, 2007 Cost for fiscal year 2007/08 (end of year) 																						
▪ Discount Rate:	<ul style="list-style-type: none"> 6.0% Baseline 4.5% Assets invested conservatively 7.75% Pre-funded with CalPERS CERBT – diversified and irrevocable trust 																						
▪ General Inflation	<ul style="list-style-type: none"> 3.0% 																						
▪ Aggregate Payroll Increases	<ul style="list-style-type: none"> 3.25% 																						
▪ Retirement	<ul style="list-style-type: none"> CalPERS 1997-2002 Experience Study <table> <tr> <th></th><th>Misc</th><th>Fire</th><th>Police</th></tr> <tr> <td>Level</td><td>2.7%@55</td><td>3%@50</td><td>3%@50</td></tr> <tr> <td>Hire Age</td><td>34</td><td>27</td><td>27</td></tr> <tr> <td>Exp. Ret. Age</td><td>60 (M)</td><td>56</td><td>54</td></tr> <tr> <td></td><td>59 (F)</td><td></td><td></td></tr> </table>				Misc	Fire	Police	Level	2.7%@55	3%@50	3%@50	Hire Age	34	27	27	Exp. Ret. Age	60 (M)	56	54		59 (F)		
	Misc	Fire	Police																				
Level	2.7%@55	3%@50	3%@50																				
Hire Age	34	27	27																				
Exp. Ret. Age	60 (M)	56	54																				
	59 (F)																						
▪ Mortality, Termination, & Disability	<ul style="list-style-type: none"> CalPERS 1997-2002 Experience Study 																						

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

▪ Medicare Eligible Rate	• 100%
▪ Plan Assets	▪ Market value of assets ▪ No smoothing
▪ Cost Method	▪ Entry Age Normal <ul style="list-style-type: none"> • As a level % of pay: <ul style="list-style-type: none"> ➢ SEIU General ➢ SEIU Refuse • As a level \$ amount: <ul style="list-style-type: none"> ➢ IBEW Trust ➢ RPOA 1991 Trust ➢ RPOA 2006 Trust
	▪ Acceptable under GASB 27
▪ Amortization Period	▪ 30 years ▪ 20 years -- sensitivity
▪ Amortization Method	▪ Level Percent of Payroll (same as CalPERS) ▪ Level Dollar Amount
▪ Future New Entrants	▪ None – Closed Group

15. Commitments and Contingencies

A. Long-Term Electric Utility Commitments

Intermountain Power Agency

The Electric Utility has entered into a power purchase contract with Intermountain Power Agency (IPA) for the delivery of electric power. The Electric Utility's share of IPA power is equal to 7.6 percent, or approximately 137.1 MW, of the net generation output of IPA's 1,800 MW coal-fueled generating station located in central Utah. The contract expires in 2027 and the debt fully matures in 2024.

The contract constitutes an obligation of the Electric Utility to make payments solely from operating revenues. The power purchase contract requires the Electric Utility to pay certain minimum charges that are based on debt service requirements. Such payments are considered a cost of production.

Southern California Public Power Authority

On November 1, 1980, the City of Riverside joined with the Imperial Irrigation District and the cities of Los Angeles, Anaheim, Vernon, Azusa, Banning, Colton, Burbank, Glendale and Pasadena to create the Southern California Public Power Authority (SCPPA) by a Joint Powers Agreement under the laws of the State of California. As of July 2001, the City of Cerritos was admitted as a member. The primary purpose of SCPPA is to plan, finance, develop, acquire, construct, operate and maintain projects for the generation and transmission of electric energy for sale to its participants. SCPPA is governed by a Board of Directors, which consists of one representative for each of the members. During the 2008-09 and 2007-08 fiscal years, the Electric Utility paid approximately \$17,792 and \$17,074, respectively, to SCPPA under various take-or-pay contracts. These payments are reflected as a component of production and purchased power or transmission expense in the financial statements.

The projects and the Electric Utility's proportionate share of SCPPA's obligations, including final maturities and contract expirations are as follows:

<u>Project</u>	<u>Percent Share</u>	<u>Entitlement</u>
Palo Verde Nuclear Generating Station (PV)	5.40%	11.7MW
Southern Transmission System (STS)	10.20%	195.0MW
Hoover Dam Upgrading (Hoover)	31.90%	30.0MW
Mead – Phoenix Transmission (MPP)	4.00%	12.0MW
Mead – Adelanto Transmission (MAT)	13.50%	118.0MW

Terms of Take or Pay Commitments

As part of the take-or-pay commitments with IPA and SCPPA, the Electric Utility has agreed to pay its share of current and long-term obligations. Management intends to pay these obligations from operating revenues received during the year that payment is due. A long-term obligation has not been recorded on the accompanying financial statements for these commitments. Take-or-pay commitments terminate upon the later of contract expiration or final maturity of outstanding bonds for each project.

Interest rates on the outstanding debt associated with the take-or-pay obligations range from 3.0 percent to 6.38 percent. The schedule below details the amount of principal and interest that is due and payable by the Electric Utility as part of the take-or-pay contract for each project in the fiscal year indicated.

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

Fiscal Year	SCPPA						Total
	IPA	PV	STS	Hoover	MPP	MAT	
2010	\$19,926	\$ 692	\$ 6,457	\$ 708	\$ 229	\$ 2,454	\$ 30,466
2011	25,742	662	7,538	708	319	3,100	38,069
2012	23,323	666	7,936	706	318	3,090	36,039
2013	20,116	669	9,614	704	318	3,087	34,508
2014	22,918	672	8,764	705	318	3,092	36,469
Thereafter	165,263	2,725	102,231	2,803	1,826	20,653	295,501
Total	<u>\$277,288</u>	<u>\$ 6,086</u>	<u>\$142,540</u>	<u>\$ 6,334</u>	<u>\$ 3,328</u>	<u>\$35,476</u>	<u>\$471,052</u>

Take-or-pay commitments expire upon final maturity of outstanding bonds for each project. Final fiscal year maturities are as follows:

Project	Final Maturity Date
Intermountain Power Project	2024
Palo Verde Nuclear Generating System	2017
Southern Transmission System	2023
Hoover Dam Upgrading	2017
Mead-Phoenix Transmission	2020
Mead-Adelanto Transmission	2020

In addition to debt service, Riverside's entitlements require the payment of fuel costs, operating and maintenance, administrative and general and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service and vary each year. The costs incurred for the year ended June 30, 2009 and 2008, are as follows (in thousands):

Fiscal Year	IPA	PV	STS	MAT	MPP	Hoover	Total
2009	\$28,010	\$3,044	\$1,975	\$ 243	\$ 121	\$ 81	\$33,474
2008	27,759	2,758	2,181	248	97	88	33,131

These costs are included in production and purchased power or transmission expense on the Statements of Revenues, Expenses and Changes in Equity.

B. Other Commitments

Power Purchase Agreements:

The Electric Utility has executed five firm power purchase agreements. The agreements are with Deseret Generation and Transmission Cooperative (Deseret) of Murray, Utah; and Bonneville Power Administration (BPA). The

minimum annual obligations under each of these contracts are shown in the following table.

Minimum Obligations 2009-2010

Supplier	Capacity	Energy	Total
Deseret	\$1,732	\$1,143	\$2,875
BPA (two agreements)	1,096	-	1,096
Total	<u>\$2,828</u>	<u>\$1,143</u>	<u>\$3,971</u>

The agreement with Deseret is for five megawatts of capacity and associated energy from January 1, 1992, through December 31, 1994, then increasing to 52 megawatts of capacity and associated energy through December 31, 2009. A notice of termination of the power purchase agreement was provided to Deseret effective March 31, 1998, resulting in litigation which was settled on July 31, 1999. Under the terms of the settlement agreement, the notice of termination was rescinded and the power purchase agreement was amended to reflect substantial price reductions after fiscal year 2002 through the term of the agreement in 2009. In exchange, Riverside Public Utilities paid Deseret \$25,000 from Electric fund reserves, which is reflected on the Balance Sheets as Deferred purchased power. On July 1, 2002, the Electric Utility began to amortize the \$25,000, and will continue to amortize the remaining balance over the term of the agreement using the straight-line method.

As of June 30, 2009 and 2008, Deferred purchased power was \$1,670 and \$5,011, respectively, and the Utility had recorded amortization of \$3,341 in both fiscal years.

The first agreement with BPA is for the purchase of firm capacity (23 megawatts in the summer months and 16 megawatts in the winter months) beginning February 1, 1991, for a period of 20 years. The second BPA agreement is for the purchase of capacity (50 megawatts during the summer months and 13 megawatts during the winter months) beginning April 30, 1996, for 20 years. Effective May 1, 1998, these summer and winter capacity amounts increased to 60 megawatts and 15 megawatts, respectively, for the remainder of the second agreement.

On June 6, 2003 and July 8, 2003, the Public Utilities Board and the City Council respectively, adopted a RPS to increase procurement of renewable resources to reach a target of 20% of the Utility's energy by 2015. On March 16, 2007, the Public Utilities Board approved a new RPS, increasing the

CITY OF RIVERSIDE
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2009

(amounts expressed in thousands)

targets to 20% and 25% by 2010 and 2015, respectively. On May 4, 2007, the Public Utilities added an additional target of 33% by 2020.

The contracts in the following table were executed as part of compliance with this standard. The Utility also has an agreement with Bonneville Power Administration for the purchase of energy credits that add to the total renewable portfolio.

Long-term renewable power purchase agreements:

<u>Supplier</u>	<u>Type</u>	<u>Maximum Contract</u>	<u>Contract Expiration</u>	<u>Estimated Annual Cost for 2009</u>
Wintec	Wind	8.0MW	11/10/2021	233
Salton Sea Power	Geothermal	20.0MW	5/31/2020	22,123
Total		28.0MW		\$22,356

All contracts are contingent on energy production from specific related generating facilities. Riverside has no commitment to pay any amounts except for energy produced on a monthly basis from these facilities.

On August 23, 2005, the City Council approved an amendment to the Power Purchase Agreement between Salton Sea and the City. The agreement increases the amount of renewable energy available to the City from the current 20 MW to 46 MW effective June 1, 2009 through May 31, 2020, at the same price under the current contract until 2013, with escalation thereafter based on an inflationary type index. Similar to other renewable power purchase agreements, the City is only obligated for purchases of energy delivered to the City.

On November 10, 2006, the City of Riverside entered into a second Renewable Power Purchase Agreement with Wintec Energy, Ltd for wind generation capacity of up to 8 MW. The contract term is for 15 years, with capacity available upon completion of Wintec's Facility II Wind Turbine Project.

On June 19, 2008 and December 12, 2008, the City of Riverside entered into two separate Renewable Power Purchase Agreements with Shoshone Renaissance, LLC for geothermal power. The contract term is for 30 years with an estimated start date in late 2011 and will provide a combined 96 MW of geothermal energy.

Construction Commitments:

As of June 30, 2009, the Electric Utility had major commitments of approximately \$17,207, with respect to unfinished capital projects, of which \$16,560 is expected to be funded by bonds and \$647 funded by rates.

As of June 30, 2009, the Water Utility had major commitments of approximately \$8,663 with respect to unfinished capital projects, of which \$8,000 is expected to be funded by bonds and \$663 funded by rates.

C. Jointly-Owned Utility Project

Pursuant to a settlement agreement with SCE, dated August 4, 1972, the City was granted the right to acquire a 1.79 percent ownership interest in San Onofre Nuclear Generating Station (SONGS), Units 2 and 3, equating to 19.2 MW and 19.3 MW respectively, of the available capacity. In the settlement agreement, SCE agreed to provide the necessary transmission service to deliver the output of SONGS to Riverside. SCE and the City entered into the SONGS Participation Agreement that sets forth the terms and conditions under which the City, through the Electric Utility, participates in the ownership and output of SONGS. Other participants in this project include SCE, 75.05 percent; San Diego Gas & Electric Company, 20.00 percent; and the City of Anaheim, 3.16 percent. Maintenance and operation of SONGS remain the responsibility of SCE, as operating agent for the City.

SCE, as operating agent, has declared an "operating impairment" due to deterioration of the steam generators ("SGs"), which would likely result in permanent shutdown of the plant in the 2009-2010 timeframe. The estimated costs to replace the SGs is \$680,000, of which approximately \$12,200 would represent the City's share. Replacement of the SGs is expected to enable plant operations through at least 2022, and perhaps beyond if Nuclear Regulatory Commission approval is obtained. Although the City Council has approved participation in the replacement of the SGs, Anaheim has opted not to participate. During 2006, the FERC, Nuclear Regulatory Commission and the California Public Utility Commission (CPUC) approved the transfer of Anaheim's shares to SCE, and as a result, SCE's ownership was increased to 78.21 percent in units 2 and 3 of SONGS.

The original operating license for SONGS units 2 and 3 was set to expire in 2013; however, this was subsequently extended due to a construction recapture provision, and now expires February 16, 2022 and November 15, 2022 for Units 2 and 3 respectively.

There are no separate financial statements for the jointly-owned utility plant since each participant's interests in the utility plant and operating expenses are included in their respective financial statements. The Electric Utility's 1.79 percent share of the capitalized construction costs for SONGS totaled \$146,027 and \$142,120 for fiscal years ended June 30, 2009 and 2008, respectively. During fiscal year ended June 30, 2006, the City Council approved participation in SONGS through the extended operations date. As a result, all acquisitions are now depreciated through 2022, to include the construction recapture extension period. The accumulated depreciation amounted to \$120,549 and \$114,511 for the fiscal years ended June 30, 2009 and 2008, respectively. The Electric Utility made provisions for future decommissioning costs of \$1,581 for both fiscal years plus earnings on the Decommissioning Trust Fund of \$2,968 and \$2,336 for fiscal years June 30, 2009 and June 30, 2008, respectively (see Note 1). The Electric Utility's portion of current and long-term debt associated with SONGS is included in the accompanying financial statements.

16. Uncertainty Relating to the State of California's Budget Deficit

The State of California continues to have significant financial challenges and remains an ongoing uncertainty for the City as they continue to look to local municipalities to assist with closing their budget gap. When adopting its budget for fiscal year 2009-10, the State of California reflected in that budget a shift of a significant portion of tax increment revenue from redevelopment agencies to school districts for fiscal years 2009-10 and 2010-11. The California Redevelopment Association has filed a lawsuit challenging the legality of this tax shift. The outcome of that lawsuit is not certain at this time. The specific impact on the City's redevelopment agency would be to re-direct \$17 million from the redevelopment agency to offset a portion of the State budget deficit.

17. Subsequent Events

On August 6, 2009, the City issued the 2009 Sewer Revenue Bonds in the amount of \$240,910. The bonds were issued to reimburse certain previously incurred improvement costs and to finance certain capital projects of the City's sewer system. Interest on the bonds is payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2010. The rate of interest varies from 4.0% to 7.2% per annum depending on maturity date. Principal is payable in annual installments ranging from \$6,760 to \$109,130 commencing August 1, 2012 and ending August 1, 2039.

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Urban Areas Security Initiative (UASI) Fund – To account for UASI grants received from the U.S. Department of Homeland Security.

Special Gas Tax Fund – To account for the construction and maintenance of the road network system of the City. Financing is provided by the City's share of state gasoline taxes which state law requires to be used to maintain streets.

Air Quality Improvement Fund – To account for qualified air pollution reduction programs funded by the South Coast Air Quality Management District.

Housing and Community Development Fund – To account for Federal grants received from the Department of Housing and Urban Development (HUD). The grants are used for the development of a viable urban community by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons with low and moderate incomes.

Redevelopment Agency Fund – To account for the portion of Redevelopment tax increment monies which California Redevelopment Law requires be set aside for the development of low and moderate income housing.

National Pollution Discharge Elimination System (NPDES) – To account for storm drain maintenance and inspection required for California storm water permits. Activities are funded by a special assessment district of Riverside County, California.

Neglected Property Abatement Fund – To account for revenues and expenditures associated with the neglected property abatement activities of the Code Enforcement Division of the Community Development Department.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources and payment of long-term debt obligations of the City and related entities.

Debt Service Fund – To accumulate monies for the payment of interest and principal on long-term debt obligations of the City. Debt service is financed via special property tax assessments.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Special Capital Improvements Fund – To account for the acquisition, construction and installation of capital improvements and a Community Facilities District within the City.

Storm Drain Fund – To account for the acquisition, construction and installation of storm drains in the City.

Transportation Fund – To account for the construction and installation of street and highway improvements in accordance with Articles 3 and 8 of the Transportation Development Act of 1971 of the State of California.

Permanent Fund

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Library Special Fund – To account for the monies held in trust for the benefit of the Riverside City Public Library System..

City of Riverside
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009
(amounts expressed in thousands)

Special Revenue								
Assets	Urban Areas Security Initiative	Gas Tax	Air Quality Improvements	Housing & Community Development	Redevelopment Agency	NPDES Storm Drain	Neglected Property Abatement	Total
Cash and investments	\$ -	\$ 9,413	\$ 701	\$ -	\$ 23,475	\$ -	\$ -	\$ 33,589
Cash and investments at fiscal agent	-	-	-	-	386	-	-	386
Receivable (net of allowance for uncollectibles):								
Interest	-	48	4	-	165	-	-	217
Accounts	-	-	-	2	-	-	1,671	1,673
Intergovernmental	-	991	-	3,294	-	438	-	4,723
Notes	-	-	-	6,064	12,383	-	-	18,447
Land & improvements held for resale	-	-	-	-	10,591	-	-	10,591
Total assets	\$ -	\$ 10,452	\$ 705	\$ 9,360	\$ 47,000	\$ 438	\$ 1,671	\$ 69,626
Liabilities and fund balances								
Liabilities:								
Accounts payable	\$ -	\$ 67	\$ 11	\$ 758	\$ 72	\$ 2	\$ 49	\$ 959
Accrued payroll	-	-	-	18	-	-	9	27
Retainage payable	-	2,640	-	-	-	-	-	2,640
Deferred revenue	-	-	-	6,066	12,459	-	-	18,525
Deposits	-	-	-	-	26	-	-	26
Due to other funds	92	-	-	2,040	1	436	375	2,944
Advance from other funds	-	-	-	598	-	-	-	598
Total liabilities	92	2,707	11	9,480	12,558	438	433	25,719
Fund balances								
Reserved:								
Reserved for noncurrent loans receivable	-	-	-	-	52	-	-	52
Reserved for encumbrances	600	164	11	2,518	900	-	25	4,218
Reserved for land & improvements held for resale	-	-	-	-	10,591	-	-	10,591
Unreserved, designated for future operations	-	6,463	523	-	19,034	-	77	26,097
Unreserved, undesignated	(692)	1,118	160	(2,638)	3,865	-	1,136	2,949
Total fund balances	(92)	7,745	694	(120)	34,442	-	1,238	43,907
Total liabilities and fund balances	\$ -	\$ 10,452	\$ 705	\$ 9,360	\$ 47,000	\$ 438	\$ 1,671	\$ 69,626

City of Riverside
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009
(amounts expressed in thousands)

	Debt Service		Capital Projects				Permanent Fund	Total Nonmajor Governmental Funds
Assets	Debt Service	Total	Special Capital Improvement	Storm Drain	Transportation	Total	Library Special	
Cash and investments	\$ -	\$ -	\$ 3,201	\$ 5,046	\$ -	\$ 8,247	\$ 1,273	\$ 43,109
Cash and investments at fiscal agent	-	-	4,302	-	-	4,302	-	4,688
Receivable (net of allowance for uncollectibles):								
Interest	-	-	95	28	-	123	-	340
Accounts	-	-	277	-	-	277	-	1,950
Intergovernmental	-	-	-	-	76	76	-	4,799
Notes	-	-	-	-	-	-	-	18,447
Due from other funds	-	-	12,648	-	-	12,648	-	12,648
Land & improvements held for resale	-	-	-	-	-	-	-	10,591
Total assets	\$ -	\$ -	\$ 20,523	\$ 5,074	\$ - 76	\$ 25,673	\$ 1,273	\$ 96,572
Liabilities and fund balances								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 242	\$ 18	\$ -	\$ 260	\$ -	\$ 1,219
Accrued payroll	-	-	-	-	-	-	-	27
Retainage payable	-	-	1,028	-	-	1,028	-	3,668
Deferred revenue	-	-	-	1	-	1	-	18,526
Deposits	-	-	-	-	-	-	-	26
Due to other funds	-	-	-	-	96	96	-	3,040
Advance from other funds	-	-	-	-	-	-	-	598
Total liabilities	-	-	1,270	19	96	1,385	-	27,104
Fund balances								
Reserved:								
Reserved for noncurrent loans receivable	-	-	-	-	-	-	-	52
Reserved for encumbrances	-	-	3,091	144	-	3,235	-	7,453
Reserved for land & improvements held for resale	-	-	-	-	-	-	-	10,591
Reserved for library services	-	-	-	-	-	-	1,273	1,273
Unreserved, designated for future operations	-	-	8,524	3,395	-	11,919	-	38,016
Unreserved, undesignated	-	-	7,638	1,516	(20)	9,134	-	12,083
Total fund balances	-	-	19,253	5,055	(20)	24,288	1,273	69,468
Total liabilities and fund balances	\$ -	\$ -	\$ 20,523	\$ 5,074	\$ - 76	\$ 25,673	\$ 1,273	\$ 96,572

City of Riverside
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2009
(amounts expressed in thousands)

	Special Revenue							
	Urban Area Security Initiative	Gas Tax	Air Quality Improvement	Housing & Community Development	Redevelopment Agency	NPDES Storm Drain	Neglected Property Abatement	Total
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 13,094	\$ -	\$ -	\$ 13,094
Intergovernmental	-	7,217	345	9,958	151	-	-	17,671
Charges for services	-	-	-	-	-	-	96	96
Fines and forfeitures	-	-	-	-	-	-	1,564	1,564
Special assessments	-	-	-	-	-	438	563	1,001
Rental and investment income	-	329	38	38	1,489	-	-	1,894
Miscellaneous	-	-	-	242	229	-	-	471
Total revenues	-	7,546	383	10,238	14,963	438	2,223	35,791
Expenditures								
Current:								
General government	-	1,090	414	315	2,373	267	985	5,444
Culture and recreation	92	-	-	-	-	-	-	92
Capital outlay	-	3,685	-	10,098	1,925	171	-	15,879
Total expenditures	92	4,775	414	10,413	4,298	438	985	21,415
Excess (deficiency) of revenues over (under) expenditures	(92)	2,771	(31)	(175)	10,665	-	1,238	14,376
Other financing sources (uses)								
Transfers in	-	-	-	561	909	-	-	1,470
Transfers out	-	-	-	(506)	(3,735)	-	-	(4,241)
Sales of capital assets	-	-	-	-	(4,681)	-	-	(4,681)
Total other financing sources (uses)	-	-	-	55	(7,507)	-	-	(7,452)
Net change in fund balances	(92)	2,771	(31)	(120)	3,158	-	1,238	6,924
Fund balances - beginning	-	4,974	725	-	31,284	-	-	36,983
Fund balances - ending	\$ (92)	\$ 7,745	\$ 694	\$ (120)	\$ 34,442	\$ -	\$ 1,238	\$ 43,907

City of Riverside
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2009
(amounts expressed in thousands)

	Debt Service		Capital Projects				Permanent Fund	Total Nonmajor Governmental Funds
	Debt Service	Total	Special Capital Improvement	Storm Drain	Transportation	Total	Library Special	
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,094
Licenses and permits	-	-	868	119	-	987	-	987
Intergovernmental	-	-	-	-	162	162	-	17,833
Charges for services	-	-	-	-	-	-	-	96
Fines and forfeitures	-	-	-	-	-	-	-	1,564
Special assessments	-	-	-	-	-	-	-	1,001
Rental and investment income	-	-	979	288	-	1,267	55	3,216
Miscellaneous	-	-	-	-	-	-	107	578
Total revenues	-	-	1,847	407	162	2,416	162	38,369
Expenditures								
Current:								
General government	54	54	294	-	-	294	-	5,792
Culture and recreation	-	-	-	-	-	-	121	213
Capital outlay	-	-	5,733	1,035	191	6,959	-	22,838
Total expenditures	54	54	6,027	1,035	191	7,253	121	28,843
Excess (deficiency) of revenues over (under) expenditures	(54)	(54)	(4,180)	(628)	(29)	(4,837)	41	9,526
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	1,470
Transfers out	-	-	-	-	-	-	-	(4,241)
Sales of capital assets	-	-	-	-	-	-	-	(4,681)
Total other financing sources (uses)	-	-	-	-	-	-	-	(7,452)
Net change in fund balances	(54)	(54)	(4,180)	(628)	(29)	(4,837)	41	2,074
Fund balances - beginning	54	54	23,433	5,683	9	29,125	1,232	67,394
Fund balances - ending	\$ -	\$ -	\$ 19,253	\$ 5,055	\$ (20)	\$ 24,288	\$ 1,273	\$ 69,468

City of Riverside

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Nonmajor Governmental Funds

For the fiscal year ended June 30, 2009

(amounts expressed in thousands)

	Special Revenue								
	Urban Area Security Initiative			Gas Tax			Air Quality Improvement		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,601	-	(2,601)	7,850	7,217	(633)	385	345	(40)
Licenses and permits	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-
Rental and investment income	-	-	-	50	329	279	-	38	38
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	2,601	-	(2,601)	7,900	7,546	(354)	385	383	(2)
Expenditures									
Current:									
General government	-	-	-	1,090	1,090	-	914	414	500
Culture and recreation	2,601	92	2,509	-	-	-	112	-	112
Capital outlay	-	-	-	11,652	3,685	7,967	-	-	-
Total expenditures	2,601	92	2,509	12,742	4,775	7,967	1,026	414	612
Excess (deficiency) of revenues over (under) expenditures	-	(92)	(92)	(4,842)	2,771	7,613	(641)	(31)	610
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	(92)	(92)	(4,842)	2,771	7,613	(641)	(31)	610
Fund balances (deficit), beginning	-	-	-	4,974	4,974	-	725	725	-
Fund balances (deficit), ending	\$ -	\$ (92)	\$ (92)	\$ 132	\$ 7,745	\$ 7,613	\$ 84	\$ 694	\$ 610

(continued)

City of Riverside

Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual

Nonmajor Governmental Funds

For the fiscal year ended June 30, 2009

(amounts expressed in thousands)

	Special Revenue								
	Housing & Community Development			Redevelopment Agency			NPDES Storm Drain		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ 12,477	\$ 13,094	\$ 617	\$ -	\$ -	\$ -
Intergovernmental	9,354	9,958	604	281	151	(130)	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	565	438	(127)
Rental and investment income	-	38	38	1,372	1,489	117	-	-	-
Miscellaneous	288	242	(46)	3	229	226	-	-	-
Total revenues	9,642	10,238	596	14,133	14,963	830	565	438	(127)
Expenditures									
Current:									
General government	924	315	609	1,483	2,373	(890)	293	267	26
Culture and recreation	-	-	-	-	-	-	-	-	-
Capital outlay	18,841	10,098	8,743	39,530	1,925	37,605	227	171	56
Total expenditures	19,765	10,413	9,352	41,013	4,298	36,715	520	438	82
Excess (deficiency) of revenues over (under) expenditures	(10,123)	(175)	9,948	(26,880)	10,665	37,545	45	-	(45)
Other financing sources (uses)									
Transfers in	561	561	-	909	909	-	-	-	-
Transfers out	(506)	(506)	-	(3,735)	(3,735)	-	-	-	-
Sale of capital assets	-	-	-	-	(4,681)	(4,681)	-	-	-
Total other financing sources	55	55	-	(2,826)	(7,507)	(4,681)	-	-	-
Net change in fund balances	(10,068)	(120)	9,948	(29,706)	3,158	32,864	45	-	(45)
Fund balances (deficit), beginning	-	-	-	31,284	31,284	-	-	-	-
Fund balances (deficit), ending	\$ (10,068)	\$ (120)	\$ 9,948	\$ 1,578	\$ 34,442	\$ 32,864	\$ 45	\$ -	\$ (45)

(continued)

City of Riverside

Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual

Nonmajor Governmental Funds

For the fiscal year ended June 30, 2009

(amounts expressed in thousands)

	Special Revenue			Capital Projects					
	Neglected Property Abatement			Capital Outlay			Redevelopment		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	95,783	57,211	(38,572)	3,225	827	(2,398)
Licenses and permits	-	-	-	-	-	-	-	-	-
Charges for services	266	96	(170)	-	-	-	-	-	-
Fines and forfeitures	440	1,564	1,124	-	-	-	-	-	-
Special assessments	262	563	301	350	195	(155)	-	-	-
Rental and investment income	-	-	-	300	3,067	2,767	4,560	5,278	718
Miscellaneous	-	-	-	1,087	-	(1,087)	261	393	132
Total revenues	968	2,223	1,255	97,520	60,473	(37,047)	8,046	6,498	(1,548)
Expenditures									
Current:									
General government	924	985	(61)	-	136	(136)	10,972	11,226	(254)
Culture and recreation	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	207,549	105,309	102,240	158,166	47,411	110,755
Total expenditures	924	985	(61)	207,549	105,445	102,104	169,138	58,637	110,501
Excess (deficiency) of revenues over (under) expenditures	44	1,238	1,194	(110,029)	(44,972)	65,057	(161,092)	(52,139)	108,953
Other financing sources (uses)									
Transfers in	-	-	-	-	304	304	36,891	35,991	(900)
Transfers out	-	-	-	-	(7,837)	(7,837)	(1,303)	(414)	889
Sale of capital assets	-	-	-	-	2	2	-	(1,354)	(1,354)
Total other financing sources	-	-	-	-	(7,531)	(7,531)	35,588	34,223	(1,365)
Net change in fund balances	44	1,238	1,194	(110,029)	(52,503)	57,526	(125,504)	(17,916)	107,588
Fund balances (deficit), beginning	-	-	-	100,716	100,716	-	192,654	192,654	-
Fund balances (deficit), ending	\$ 44	\$ 1,238	\$ 1,194	\$ (9,313)	\$ 48,213	\$ 57,526	\$ 67,150	\$ 174,738	\$ 107,588

(continued)

City of Riverside

Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual

Nonmajor Governmental Funds

For the fiscal year ended June 30, 2009

(amounts expressed in thousands)

	Capital Projects								
	Special Capital Improvement			Storm Drain			Transportation		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	296	162	(134)
Licenses and permits	-	868	868	100	119	19	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-
Rental and investment income	-	979	979	29	288	259	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	-	1,847	1,847	129	407	278	296	162	(134)
Expenditures									
Current:									
General government	1,237	294	943	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Capital outlay	20,806	5,733	15,073	3,658	1,035	2,623	225	191	34
Total expenditures	22,043	6,027	16,016	3,658	1,035	2,623	225	191	34
Excess (deficiency) of revenues over (under) expenditures	(22,043)	(4,180)	17,863	(3,529)	(628)	2,901	71	(29)	(100)
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(8)	-	8	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources	(8)	-	8	-	-	-	-	-	-
Net change in fund balances	(22,051)	(4,180)	17,871	(3,529)	(628)	2,901	71	(29)	(100)
Fund balances (deficit), beginning	23,433	23,433	-	5,683	5,683	-	9	9	-
Fund balances (deficit), ending	\$ 1,382	\$ 19,253	\$ 17,871	\$ 2,154	\$ 5,055	\$ 2,901	\$ 80	\$ (20)	\$ (100)

Nonmajor Enterprise Funds

Enterprise Funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises. The City's intent is to demonstrate that the cost of services provided to the general public on a continuing basis is financed or recovered through user charges; or the City has decided that the periodic determination of net income is appropriate for accountability purposes.

Airport Fund – To account for the operations of the City's airport.

Refuse Fund – To account for the operations of the City's solid waste and sanitation program which provides for the collection and disposal of solid waste on a user charge basis to residents and businesses.

Transportation – To account for the operations of the City's Senior Citizens' and Handicapped Transportation System in accordance with Article 4 of the Transportation Development Act of 1971 (SB325) of the State of California. Federal Transit Administration Funds are also accounted for in this fund.

Public Parking – To account for the operations and construction of the City's public parking facilities.

City of Riverside
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2009
(amounts expressed in thousands)

Assets	Airport	Refuse	Transportation	Public Parking	Total
Current assets:					
Cash and investments	\$ 784	\$ 87	\$ 1,805	\$ 2,756	\$ 5,432
Receivables (net of allowance for uncollectibles)					
Interest	9	22	10	42	83
Utility billed	-	597	-	-	597
Utility unbilled	-	637	-	-	637
Accounts	78	186	-	138	402
Intergovernmental	201	275	46	50	572
Prepaid items	-	-	12	-	12
Restricted assets:					
Cash and cash equivalents	-	2,975	-	-	2,975
Total current assets	<u>1,072</u>	<u>4,779</u>	<u>1,873</u>	<u>2,986</u>	<u>10,710</u>
Non-current assets:					
Deferred charges	248	10,212	650	182	11,292
Capital assets:					
Land	9,988	-	-	3,713	13,701
Buildings	2,114	-	22	18,202	20,338
Accumulated depreciation-buildings	(965)	-	(8)	(2,822)	(3,795)
Improvements other than buildings	16,557	-	-	3,261	19,818
Accumulated depreciation-improvements other than buildings	(3,709)	-	-	(337)	(4,046)
Machinery and equipment	438	13,390	2,756	1,112	17,696
Accumulated depreciation-machinery and equipment	(174)	(7,601)	(1,434)	(496)	(9,705)
Construction in progress	1,987	-	120	2,544	4,651
Total non-current assets:	<u>26,484</u>	<u>16,001</u>	<u>2,106</u>	<u>25,359</u>	<u>69,950</u>
Total assets	<u>27,556</u>	<u>20,780</u>	<u>3,979</u>	<u>28,345</u>	<u>80,660</u>

(continued)

City of Riverside
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2009
 (amounts expressed in thousands)

Liabilities	Airport	Refuse	Transportation	Public Parking	Total
Current liabilities:					
Accounts payable	41	437	22	668	1,168
Accrued payroll	46	529	92	53	720
Retainage payable	1	-	-	-	1
Unearned revenue	45	-	1,695	-	1,740
Deposits	1	-	-	-	1
Capital leases-current	17	-	-	-	17
Landfill capping-current	-	300	-	-	300
Other payables	20	195	86	30	331
Total current liabilities	<u>171</u>	<u>1,461</u>	<u>1,895</u>	<u>751</u>	<u>4,278</u>
Non-current liabilities:					
Capital leases	81	-	-	-	81
Advances from other funds	245	1,334	642	7,061	9,282
Landfill capping	-	7,212	-	-	7,212
Total non-current liabilities	<u>326</u>	<u>8,546</u>	<u>642</u>	<u>7,061</u>	<u>16,575</u>
Total liabilities	<u>497</u>	<u>10,007</u>	<u>2,537</u>	<u>7,812</u>	<u>20,853</u>
Net Assets					
Invested in capital assets, net of related debt	26,155	5,789	1,456	25,177	58,577
Restricted for other purposes	-	2,975	-	-	2,975
Unrestricted	904	2,009	(14)	(4,644)	(1,745)
Total net assets	<u>\$ 27,059</u>	<u>\$ 10,773</u>	<u>\$ 1,442</u>	<u>\$ 20,533</u>	<u>\$ 59,807</u>

City of Riverside
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2009
(amounts expressed in thousands)

	<u>Airport</u>	<u>Refuse</u>	<u>Transportation</u>	<u>Public Parking</u>	<u>Total</u>
Operating revenues:					
Charges for services	\$ 1,232	\$ 18,394	\$ 336	\$ 4,332	\$ 24,294
Operating expenses:					
Personal Services	587	3,888	1,816	751	7,042
Contractual services	38	3,125	60	1,152	4,375
Maintenance and operation	227	5,460	406	393	6,486
General	185	3,364	274	165	3,988
Materials and supplies	16	608	301	15	940
Insurance	26	99	34	92	251
Depreciation and amortization	607	1,800	270	570	3,247
Total operating expenses	1,686	18,344	3,161	3,138	26,329
Operating Income (loss)	(454)	50	(2,825)	1,194	(2,035)
Nonoperating revenues (expenses):					
Operating grants	-	168	1,761	-	1,929
Interest income	90	179	60	261	590
Other	118	197	-	596	911
Loss on retirement of capital assets	-	(13)	-	(1,627)	(1,640)
Interest expense and fiscal charges	(48)	(68)	(33)	(330)	(479)
Total non-operating revenues	160	463	1,788	(1,100)	1,311
Income before capital contributions and transfers	(294)	513	(1,037)	94	(724)
Cash capital contributions	2,082	-	937	10	3,029
Transfers out	-	-	-	(840)	(840)
Change in net assets	1,788	513	(100)	(736)	1,465
Total net assets - beginning	25,271	10,260	1,542	21,269	58,342
Total net assets - ending	\$ 27,059	\$ 10,773	\$ 1,442	\$ 20,533	\$ 59,807

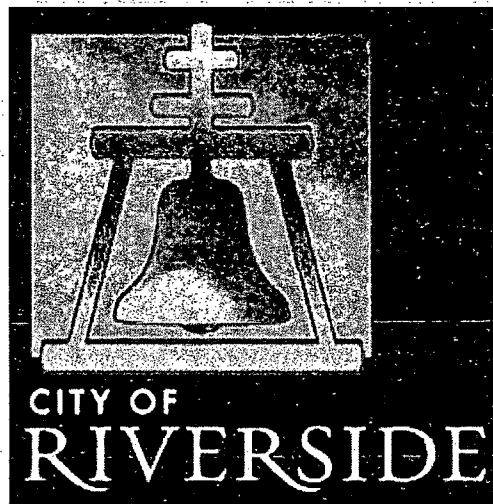
City of Riverside
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2009
(amounts expressed in thousands)

	Airport	Refuse	Trans- portation	Public Parking	Totals
Cash flows from operating activities:					
Cash received from customers and users	\$ 1,286	\$ 18,164	\$ 336	\$ 4,147	\$ 23,933
Cash paid to employees for services	(588)	(4,010)	(1,791)	(754)	(7,143)
Cash paid to other suppliers of goods or services	(618)	(13,269)	(1,074)	(1,595)	(16,556)
Other receipts	118	197	-	596	911
Net cash provided (used) by operating activities	198	1,082	(2,529)	2,394	1,145
Cash flows from noncapital financing activities:					
Operating grants	-	168	2,843	-	3,011
Transfers to other funds	-	-	-	(840)	(840)
Cash received (repaid) on loans from other funds	(731)	(23)	(11)	738	(27)
Cash repaid on amounts due to the General Fund	(645)	-	-	-	(645)
Net cash provided (used) by noncapital financing activities	(1,376)	145	2,832	(102)	1,499
Cash flows from capital and related financing activities:					
Purchase of capital assets	(742)	(1,690)	(915)	(3,729)	(7,076)
Interest paid on long-term obligations	(47)	(68)	(33)	(330)	(478)
Capital contributions	2,670	-	937	10	3,617
Net cash provided (used) for capital and related financing activities	1,881	(1,758)	(11)	(4,049)	(3,937)
Cash flows from investing activities:					
Income from investments	81	199	60	263	603
Net cash provided by investing activities	81	199	60	263	603
Net change in cash and cash equivalents	784	(332)	352	(1,494)	(690)
Cash and cash equivalents, beginning	-	3,394	1,453	4,250	9,097
Cash and cash equivalents, ending	\$ 784	\$ 3,062	\$ 1,805	\$ 2,756	\$ 8,407

continued

City of Riverside
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2009
(amounts expressed in thousands)

	Airport	Refuse	Trans- portation	Public Parking	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating Income (loss)	\$ (454)	\$ 50	\$ (2,825)	\$ 1,194	\$ (2,035)
Other receipts	118	197	-	596	911
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	607	1,800	270	570	3,247
Amortization of pension costs	3	18	9	3	33
Decrease in utility billed receivable	-	61	-	-	61
Decrease in utility unbilled receivable	-	7	-	-	7
(Increase) decrease in accounts receivable	54	(130)	-	(139)	(215)
(Increase) in intergovernmental receivable	-	(168)	-	(50)	(218)
(Increase) in prepaid items	-	-	(12)	-	(12)
Increase (decrease) in accounts payable	(126)	(321)	13	206	(228)
(Decrease) in accrued payroll	(4)	(237)	(29)	(3)	(273)
Increase in other payable	-	97	45	17	159
(Decrease) in landfill capping	-	(292)	-	-	(292)
Net cash provided (used) by operating activities	<u>\$ 198</u>	<u>\$ 1,082</u>	<u>\$ (2,529)</u>	<u>\$ 2,394</u>	<u>\$ 1,145</u>



Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one City department to other City departments on a cost-reimbursement basis.

Workers' Compensation Fund – To account for the operations of the City's self-insured workers' compensation program.

Unemployment Compensation Fund – To account for the operations of the City's self-insured unemployment compensation program.

Public Liability Fund – To account for the operations of the City's self-insured liability program.

Central Stores Fund – To account for the operations of the City's centralized supplies inventory, including receiving and delivery services provided to City departments.

Central Garage Fund – To account for the maintenance and repair of all city-owned vehicles and motorized equipment, except for Police vehicles.

City of Riverside
Combining Statement of Net Assets
Internal Service funds
June 30, 2009
(amounts expressed in thousands)

Assets	Self-Insurance					Totals
	Workers' Compensation	Unemployment Compensation	Public Liability	Central Stores	Central Garage	
Current assets:						
Cash and investments	\$ 5,991	\$ 4	\$ 2,784	\$ -	\$ 1,177	\$ 9,956
Receivables (net of allowance for uncollectibles):						
Interest	110	-	17	-	4	131
Accounts	13	-	-	-	9	22
Intergovernmental	14	-	-	-	1	15
Inventory	-	-	-	5,470	365	5,835
Prepaid items	8	-	-	-	-	8
Total current assets	6,136	4	2,801	5,470	1,556	15,967
Advances to other funds	12,616	-	-	-	-	12,616
Deferred charges	237	-	-	249	1,118	1,604
Capital assets:						
Buildings	-	-	-	-	1,488	1,488
Accumulated depreciation-buildings	-	-	-	-	(151)	(151)
Machinery and equipment	7	-	-	148	9,420	9,575
Accumulated depreciation-machinery and equipment	(7)	-	-	(134)	(7,190)	(7,331)
Capital assets (net of accumulated depreciation)	-	-	-	14	3,567	3,581
Total noncurrent assets	12,853	-	-	263	4,685	17,801
Total assets	18,989	4	2,801	5,733	6,241	33,768
Liabilities						
Current liabilities:						
Accounts payable	-	-	246	295	324	865
Accrued payroll	65	-	-	76	392	533
Claims and judgements	14,603	221	10,135	-	-	24,959
Deposits	-	-	-	-	-	-
Due to other funds	-	12	-	2,787	-	2,799
Other payables	21	-	-	25	118	164
Total current liabilities	14,689	233	10,381	3,183	834	29,320
Noncurrent liabilities:						
Advances from other funds	234	-	-	896	1,105	2,235
Total noncurrent liabilities	234	-	-	896	1,105	2,235
Total liabilities	14,923	233	10,381	4,079	1,939	31,555
Net Assets						
Invested in capital assets	-	-	-	14	3,567	3,581
Unrestricted	4,066	(229)	(7,580)	1,640	735	(1,368)
Total net assets	\$ 4,066	\$ (229)	\$ (7,580)	\$ 1,654	\$ 4,302	\$ 2,213

City of Riverside
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the fiscal year ended June 30, 2009
(amounts expressed in thousands)

	Self-Insured					
	Workers' Compensation	Unemployment Compensation	Public Liability	Central Stores	Central Garage	Totals
Operating revenues:						
Charges for services	\$ 5,000	\$ 86	\$ 3,001	\$ 1,265	\$ 6,482	\$ 15,834
Operating expenses:						
Personal services	387	-	-	544	2,720	3,651
Contractual services	65	-	3	-	40	108
Maintenance and operation	1	-	-	21	1,491	1,513
General	432	6	315	275	705	1,733
Materials and supplies	3	-	-	10	-	13
Claims/Insurance	(1,500)	403	6,177	8	26	5,114
Depreciation and amortization	-	-	-	4	936	940
Total operating expenses	(612)	409	6,495	862	5,918	13,072
Operating income (loss)	5,612	(323)	(3,494)	403	564	2,762
Non-operating revenues (expenses):						
Interest income	1,182	7	259	-	20	1,468
Other	-	-	3	-	-	3
Loss on retirement of capital assets	-	-	-	-	(5)	(5)
Interest expense and fiscal charges	(12)	-	-	(13)	(57)	(82)
Total non-operating revenue (expenses)	1,170	7	262	(13)	(42)	1,384
Change in net assets	6,782	(316)	(3,232)	390	522	4,146
Total net assets - beginning	(2,716)	87	(4,348)	1,264	3,780	(1,933)
Total net assets - ending	\$ 4,066	\$ (229)	\$ (7,580)	\$ 1,654	\$ 4,302	\$ 2,213

City of Riverside
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2009
(amounts expressed in thousands)

	Self Insured					
	Workers' Compensation	Unemployment Compensation	Public Liability	Central Stores	Central Garage	Total
Cash flows from operating activities:						
Cash received from customers and users	\$ 5,001	\$ 86	\$ 3,001	\$ 1,265	\$ 6,541	\$ 15,894
Cash paid to employees for services	(413)	-	-	(575)	(2,789)	(3,777)
Cash paid to other suppliers of goods or services	(3,650)	(356)	(5,447)	(673)	(2,169)	(12,295)
Other	-	-	3	-	-	3
Net cash provided (used) by operating activities	<u>938</u>	<u>(270)</u>	<u>(2,443)</u>	<u>17</u>	<u>1,583</u>	<u>(175)</u>
Cash flows from noncapital financing activities:						
Cash received (repaid) on loans from other funds	-	-	-	(4)	(20)	(24)
Advances to other funds	(12,620)	-	-	-	-	(12,620)
Net cash (used) by noncapital financing activities	<u>(12,620)</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(20)</u>	<u>(12,644)</u>
Cash flows from capital and related financing activities:						
Interest paid on long-term obligation	(12)	-	-	(13)	(57)	(82)
Proceeds from the sale of capital assets	-	-	-	-	(5)	(5)
Purchase of capital assets	-	-	-	-	(698)	(698)
Net cash (used) for capital and related financing activities	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>(760)</u>	<u>(785)</u>
Cash flows from investing activities:						
Income from investments	<u>1,124</u>	<u>9</u>	<u>242</u>	<u>-</u>	<u>18</u>	<u>1,393</u>
Net cash provided by investing activities	<u>1,124</u>	<u>9</u>	<u>242</u>	<u>-</u>	<u>18</u>	<u>1,393</u>
Net increase (decrease) in cash and cash equivalents	(10,570)	(261)	(2,201)	-	821	(12,211)
Cash and cash equivalents, beginning	<u>16,561</u>	<u>265</u>	<u>4,985</u>	<u>-</u>	<u>356</u>	<u>22,167</u>
Cash and cash equivalents, ending	<u>\$ 5,991</u>	<u>\$ 4</u>	<u>\$ 2,784</u>	<u>\$ -</u>	<u>\$ 1,177</u>	<u>\$ 9,956</u>

continued

City of Riverside
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2009
(amounts expressed in thousands)

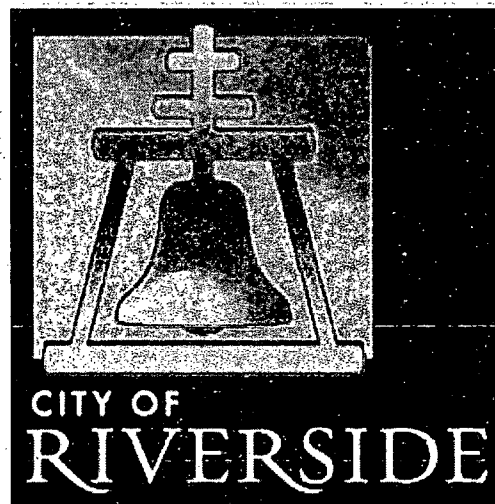
	Self Insured					
	Workers' Compensation	Unemployment Compensation	Public Liability	Central Stores	Central Garage	Total
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 5,612	\$ (323)	\$ (3,494)	\$ 403	\$ 564	\$ 2,762
Other	-	-	3	-	-	3
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	-	-	-	4	936	940
Amortization of pension costs	3	-	-	3	16	22
(Increase) decrease in account receivable	(11)	-	-	-	31	20
(Increase) in intergovernmental receivable	12	-	-	-	3	15
(Increase) decrease in prepaid items	(8)	-	-	-	25	17
Decrease in inventory	-	-	-	632	169	801
(Decrease) in accounts payable	(1)	-	(31)	(23)	(76)	(131)
Increase in other payable	10	-	-	13	58	81
(Decrease) in accrued payroll	(39)	-	-	(47)	(143)	(229)
Increase (decrease) in due to other funds	-	12	-	(968)	-	(956)
Increase (decrease) in claims and judgments	(4,640)	41	1,079	-	-	(3,520)
Net cash provided (used) by operating activities	<u>\$ 938</u>	<u>\$ (270)</u>	<u>\$ (2,443)</u>	<u>\$ 17</u>	<u>\$ 1,583</u>	<u>\$ (175)</u>

Fiduciary Fund

The City's Fiduciary Fund is comprised of an Agency Fund, which is used to account for special assessments that service no-commitment debt.

City of Riverside
 Fiduciary Fund - Agency Fund
 Combining Statement of Changes in Assets and Liabilities
 For the fiscal year ended June 30, 2009
 (amounts expressed in thousands)

	Balance			Balance
	July 1, 2008	Additions	Deductions	June 30, 2009
Assets:				
Cash and investments	\$ 11,176	\$ 9,724	\$ 10,002	\$ 10,898
Cash and investments at fiscal agent	9,308	11,072	11,086	9,294
Interest receivable	93	830	862	61
Property taxes receivable	286	187	286	187
Total assets	<u>\$ 20,863</u>	<u>\$ 21,813</u>	<u>\$ 22,236</u>	<u>\$ 20,440</u>
Liabilities:				
Accounts payable	\$ -	\$ 169	\$ 148	21
Held for bond holders	20,863	9,237	9,681	20,419
Total liabilities	<u>\$ 20,863</u>	<u>\$ 9,406</u>	<u>\$ 9,829</u>	<u>\$ 20,440</u>



City of Riverside

Capital Assets Used in the Operation of Governmental Funds

Schedule By Source

June 30, 2009

(amounts expressed in thousands)

Governmental funds capital assets:

Land	\$	270,580
Buildings and improvements		122,731
Improvements other than buildings		115,720
Machinery and equipment		73,245
Infrastructure		747,818
Construction in progress		112,742
Total governmental funds capital assets	\$	<u>1,442,836</u>

Investments in governmental funds capital assets by source:

Certificates of participation	\$	122,962
Gifts		304,213
Operating revenue		299,870
General obligation bonds		4,483
Revenue bonds		21,104
County contracts and grants		397
State grants		1,026
Asset forfeiture - state		2,279
Asset forfeiture - federal		218
Housing and community development grants		33,771
Other federal grants		148
Community facilities bonds		2,045
Assessment district bonds		28,234
Capital leases		18,385
RDA tax increment bonds		13,264
Capital projects funds		590,437
Total governmental funds capital assets	\$	<u>1,442,836</u>

City of Riverside

Capital Assets Used in the Operation of Governmental Funds

Schedule By Function and Activity

June 30, 2009

(amount expressed in thousands)

	Land	Construction in Progress/ Buildings and Improvements	Construction in Progress/ Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
General government	\$ 10,652	\$ 59,677	\$ 10,807	\$ 13,423	\$ 0	\$ 94,559
Public safety	14,242	58,355	1,704	34,452	0	108,753
Highways and streets	217,754	13,810	4,159	20,182	747,818	1,003,723
Recreation and culture	26,643	178,996	23,315	4,918	0	233,872
Community development	1,289	370	0	270	0	1,929
Total governmental funds capital assets	<u>\$ 270,580</u>	<u>\$ 311,208</u>	<u>\$ 39,985</u>	<u>\$ 73,245</u>	<u>\$ 747,818</u>	<u>\$ 1,442,836</u>

City of Riverside

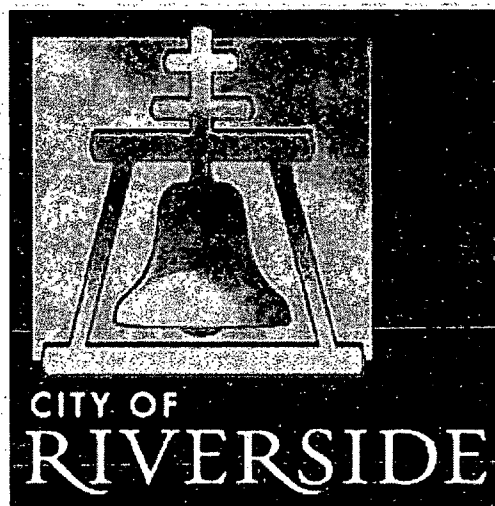
Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes By Function and Activity

For the fiscal year ended June 30, 2009

(amount expressed in thousands)

	Governmental Funds Capital Assets July 1, 2008	Additions	Deductions and Transfers	Governmental Funds Capital Assets June 30, 2009
General government	\$ 46,018	\$ 57,511	\$ 8,970	\$ 94,559
Public safety	109,237	1,831	2,315	108,753
Highways and streets	907,221	126,224	29,722	1,003,723
Recreation and culture	204,113	34,743	4,984	233,872
Community development	1,082	875	28	1,929
Total governmental funds capital assets	<u>\$ 1,267,671</u>	<u>\$ 221,184</u>	<u>\$ 46,019</u>	<u>\$ 1,442,836</u>



**City of Riverside
Statistical Section
For the year ended June 30, 2009**

Table of Contents

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	87
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	93
These schedules contain information to help the reader assess the factors affecting the City's ability to generate property and sales taxes.	
Debt Capacity	102
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	109
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	111
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in the year ended June 30, 2001; schedules presenting government-wide information include information beginning in that year.

Table 1
City of Riverside
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

(in thousands)

	Fiscal Year								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities									
Invested in capital assets, net of related debt	\$ 422,886	\$ 465,803	\$ 471,380	\$ 484,784	\$ 515,354	\$ 622,336	\$ 712,801	\$ 850,740	\$ 950,496
Restricted	106,320	115,352	106,862	137,126	154,957	158,038	107,982	102,677	98,903
Unrestricted	(54,406)	(59,893)	(10,227)	(41,353)	(46,419)	(51,261)	(34,245)	(31,429)	(41,861)
Total governmental activities net assets	\$ 474,800	\$ 521,262	\$ 568,015	\$ 580,557	\$ 623,892	\$ 729,113	\$ 786,538	\$ 921,988	\$ 1,007,538
Business-type activities									
Invested in capital assets, net of related debt	\$ 279,165	\$ 293,936	\$ 323,094	\$ 341,041	\$ 402,377	\$ 425,285	\$ 520,059	\$ 601,999	\$ 659,904
Restricted	31,154	38,535	40,869	49,242	54,540	71,386	57,613	43,341	38,621
Unrestricted	172,344	177,537	181,985	217,762	229,462	250,041	242,966	225,281	207,405
Total business-type activities net assets	\$ 482,663	\$ 510,008	\$ 545,948	\$ 608,045	\$ 686,379	\$ 746,712	\$ 820,638	\$ 870,621	\$ 905,930
Primary government									
Invested in capital assets, net of related debt	\$ 702,051	\$ 759,739	\$ 794,474	\$ 825,825	\$ 917,731	\$ 1,047,621	\$ 1,232,860	\$ 1,452,739	\$ 1,610,400
Restricted	137,474	153,887	147,731	186,368	209,497	229,424	165,595	146,018	137,524
Unrestricted	117,938	117,644	171,758	176,409	183,043	198,780	208,721	193,852	165,544
Total primary government net assets	\$ 957,463	\$ 1,031,270	\$ 1,113,963	\$ 1,188,602	\$ 1,310,271	\$ 1,475,825	\$ 1,607,176	\$ 1,792,609	\$ 1,913,468

The City of Riverside implemented GASB 34 in the fiscal year ended June 30, 2001. Information prior to the implementation of GASB 34 is not available.

Table 2
City of Riverside
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

(in thousands) Page 1 of 2

	Fiscal Year								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Expenses									
Governmental activities:									
General government	\$ 60,688	\$ 47,245	\$ 59,530	\$ 63,000	\$ 58,460	\$ 74,458	\$ 105,486	\$ 113,897	\$102,665
Public safety	71,285	80,944	88,969	102,500	110,969	120,470	114,312	122,783	127,350
Highways and streets	12,277	6,819	15,625	22,017	20,364	20,757	22,556	26,986	18,731
Culture and Recreation	10,512	29,607	29,236	22,988	26,353	32,602	28,016	31,659	24,121
Interest on long-term debt	8,083	7,727	7,696	10,996	15,885	16,358	26,378	34,075	34,361
Total governmental activities expenses	162,845	172,342	201,056	221,501	232,031	264,645	296,748	329,400	307,228
Business-type activities:									
Electric	251,185	215,131	186,917	196,727	200,030	226,186	232,346	271,412	269,209
Water	27,460	28,978	29,715	33,921	36,709	39,486	42,108	47,570	53,931
Sewer	19,463	19,214	20,053	23,273	26,108	27,299	29,510	31,209	34,853
Refuse	11,069	10,821	11,577	11,510	12,841	14,546	16,490	18,430	18,425
Airport	892	1,045	1,151	1,088	1,185	1,004	1,201	1,418	1,734
Transportation	1,580	1,735	2,110	2,286	2,557	2,917	2,831	3,190	3,194
Public parking	-	-	1,392	1,389	824	2,701	3,762	4,093	5,095
Total business-type activities expenses	311,649	276,924	252,915	270,194	280,254	314,139	328,248	377,322	386,441
Total primary government expenses	\$ 474,494	\$ 449,266	\$ 453,971	\$ 491,695	\$ 512,285	\$ 578,784	\$ 624,996	\$ 706,722	\$693,669
Program Revenues									
Governmental activities:									
Charges for services:									
General government	\$ 27,910	\$ 20,265	\$ 22,675	\$ 26,160	\$ 25,995	\$ 24,683	\$ 10,245	\$ 23,969	\$ 13,691
Public safety	6,680	5,855	6,427	6,799	6,982	5,845	12,410	9,924	8,414
Highways and streets	22,067	18,891	20,867	22,286	23,108	25,412	30,563	19,695	14,391
Culture and recreation	5,121	4,671	8,304	5,056	7,002	7,716	8,302	4,370	3,168
Operating grants and contributions	3,490	7,257	12,716	12,935	16,140	13,150	12,101	15,024	23,313
Capital grants and contributions	617	19,528	2,144	1,136	5,292	18,618	10,557	115,982	69,745
Total governmental activities program revenues	65,885	76,467	73,133	74,372	84,519	95,424	84,178	188,964	132,722
Business-type activities:									
Charges for services:									
Electric	259,420	216,106	204,293	233,102	252,322	259,572	278,888	305,299	314,164
Water	26,597	29,527	28,637	32,382	34,002	37,613	47,080	49,855	54,923
Sewer	20,428	20,457	21,172	21,672	21,967	21,510	24,057	22,525	23,247
Refuse	11,475	11,220	11,795	13,759	14,492	15,160	15,833	16,289	18,394
Airport	955	1,089	1,046	1,051	1,088	1,162	1,263	1,423	1,232
Transportation	137	116	170	185	200	238	302	313	336
Public parking	-	-	2,385	2,760	2,961	2,837	3,431	3,717	4,332
Operating grants and contributions	2,411	2,992	3,663	1,723	2,261	2,704	1,939	3,308	1,929
Capital grants and contributions	3,293	1,877	4,976	26,390	32,317	29,293	40,066	29,215	17,288
Total business-type activities program revenues	324,716	283,384	278,137	333,024	361,610	370,089	412,859	431,944	435,845
Total primary government program revenues	\$ 390,601	\$ 359,851	\$ 351,270	\$ 407,396	\$ 446,129	\$ 465,513	\$ 497,037	\$ 620,908	\$568,567

(continued)

Table 2
City of Riverside
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

(in thousands) Page 2 of 2

	Fiscal Year								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Net Revenues (Expense)									
Governmental activities	\$ (96,960)	\$ (95,875)	\$ (127,923)	\$ (147,129)	\$ (147,512)	\$ (169,221)	\$ (212,570)	\$ (140,436)	\$ (174,506)
Business-type activities	13,067	6,460	25,222	62,830	81,356	55,950	84,611	54,622	49,404
Total primary government net expense	\$ (83,893)	\$ (89,415)	\$ (102,701)	\$ (84,299)	\$ (66,156)	\$ (113,271)	\$ (127,959)	\$ (85,814)	\$ (125,102)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Sales	\$ 33,981	\$ 38,467	\$ 41,691	\$ 46,624	\$ 53,348	\$ 57,522	\$ 55,666	\$ 50,526	\$ 41,882
Property	35,037	29,471	33,584	35,911	61,553	80,934	106,114	114,176	116,420
Utility Users	3,746	18,510	19,928	21,362	22,133	23,502	25,384	26,272	25,964
Franchise	19,613	4,070	3,811	4,261	4,481	4,813	5,031	4,972	5,144
Other	2,725	2,777	2,967	3,213	3,828	4,372	3,581	3,795	2,912
Intergovernmental, unrestricted	13,772	14,848	15,533	12,528	1,795	1,747	1,863	2,074	4,569
Unrestricted grants and contributions	-	-	-	18,710	15,220	39,653	29,743	-	-
Investment earnings	13,297	11,058	8,064	1,284	7,815	10,150	18,582	25,670	15,941
Miscellaneous	14,091	5,079	2,241	5,476	5,756	26,173	4,228	9,480	5,137
Transfers	17,527	18,057	18,218	10,302	14,918	25,576	31,171	32,326	42,087
Contributions	-	-	-	(2,800)	-	-	-	-	-
Total governmental activities	153,789	142,337	146,037	156,871	190,847	274,442	281,363	269,286	260,056
Business-type activities:									
Unrestricted grants and contributions	19,501	12,638	15,972	-	-	-	-	-	-
Investment income	16,022	12,780	9,115	5,016	7,548	11,259	16,988	22,756	23,402
Miscellaneous	2,414	5,624	3,849	4,553	7,362	18,700	3,498	4,931	4,590
Special item	2,982	7,900	-	-	(3,014)	-	-	-	-
Transfers	(17,527)	(18,057)	(18,218)	(10,302)	(14,918)	(25,576)	(31,171)	(32,326)	(42,087)
Total business-type activities	23,392	20,885	10,718	(733)	(3,022)	4,383	(10,685)	(4,639)	(14,095)
Total primary government	177,181	163,222	156,755	156,138	187,825	278,825	270,678	264,647	245,961
Change in Net Assets									
Governmental activities	\$ 56,829	\$ 46,462	\$ 18,114	\$ 9,742	\$ 43,335	\$ 105,221	\$ 68,793	\$ 128,850	\$ 85,550
Business-type activities	36,459	27,345	35,940	62,097	78,334	60,333	73,926	49,983	35,309
Total primary government	\$ 93,288	\$ 73,807	\$ 54,054	\$ 71,839	\$ 121,669	\$ 165,554	\$ 142,719	\$ 178,833	\$ 120,859

The City of Riverside implemented GASB 34 in the fiscal year ended June 30, 2001. Information prior to the implementation of GASB 34 is not available.

Table 3
City of Riverside
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

(in thousands)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund										
Reserved	\$ 11,049	\$ 9,089	\$ 10,947	\$ 14,362	\$ 17,268	\$ 44,487	\$ 59,930	\$ 50,631	\$ 36,025	\$ 41,400
Unreserved	33,643	61,048	63,829	67,376	117,259	109,266	68,967	44,135	45,192	35,979
Total general fund	44,692	70,137	74,776	81,738	134,527	153,753	128,897	94,766	81,217	77,379
All other governmental funds										
Reserved	25,564	30,589	29,856	28,123	35,177	47,677	54,173	99,986	195,082	178,749
Unreserved, reported in:										
Special revenue funds	23,945	12,350	12,168	14,691	14,960	24,991	26,718	22,731	22,071	29,046
Capital projects funds	68,027	65,698	67,211	69,444	93,722	89,303	94,070	307,224	185,444	123,733
Permanent funds	-	1,355	1,457	1,232	1,219	127	81	-	-	-
Total all other governmental funds	\$ 117,536	\$ 109,992	\$ 110,692	\$ 113,490	\$ 145,078	\$ 162,098	\$ 175,042	\$ 429,941	\$ 402,597	\$ 331,528

Table 4
City of Riverside
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis accounting)

(in thousands) Page 1 of 2

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:										
Taxes	\$ 84,445	\$ 88,121	\$ 93,879	\$ 102,286	\$ 113,118	\$ 142,056	\$ 170,638	\$ 191,131	\$ 200,438	\$ 192,322
Licenses and permits	12,273	13,232	12,317	14,394	11,343	14,389	16,351	12,984	10,027	7,368
Intergovernmental	42,259	48,960	47,410	43,829	42,609	42,568	55,178	47,934	79,423	86,873
Charges for services	7,160	7,879	7,866	8,878	10,046	11,299	11,538	11,914	11,325	9,099
Fines and forfeitures	2,226	2,330	2,346	2,095	2,188	2,006	2,098	2,778	4,573	6,213
Special assessments	6,587	5,258	5,420	6,324	10,259	6,272	6,247	6,170	5,245	5,431
Use of money and property	12,470	22,329	13,017	11,255	10,587	10,915	14,324	22,587	27,970	18,620
Miscellaneous	7,900	6,325	4,816	5,042	7,133	9,996	8,502	6,164	12,796	7,596
Total revenues	\$ 175,320	\$ 194,434	\$ 187,071	\$ 194,103	\$ 207,283	\$ 239,501	\$ 284,876	\$ 301,662	\$ 351,797	\$ 333,522
Expenditures:										
General government	\$ 19,942	\$ 28,552	\$ 27,748	\$ 22,031	\$ 25,108	\$ 21,800	\$ 25,193	\$ 39,093	\$ 26,177	\$ 25,995
Public safety	76,386	84,134	91,245	96,487	107,386	117,267	126,007	139,739	151,773	145,802
Highways and streets	9,388	9,979	10,551	12,034	11,990	11,695	11,281	19,722	25,209	18,452
Culture and recreation	18,856	21,239	23,835	27,579	24,836	28,939	31,017	31,039	30,622	26,859
Capital outlay	36,784	33,195	41,058	39,098	50,333	64,127	121,978	149,325	171,952	132,983
Debt Service:										
Principal	14,559	9,326	6,174	4,470	2,422	8,599	9,733	12,045	11,257	14,149
Interest	8,268	8,154	7,785	7,785	9,945	15,025	19,205	21,330	31,239	33,033
Debt issuance costs	469	-	-	-	950	1,538	-	2,551	697	47,670
Total expenditures	\$ 184,652	\$ 194,579	\$ 208,396	\$ 209,484	\$ 232,970	\$ 268,990	\$ 344,414	\$ 414,844	\$ 448,926	\$ 444,943
Excess of revenues over (under) expenditures	\$ (9,332)	\$ (145)	\$ (21,325)	\$ (15,381)	\$ (25,687)	\$ (29,489)	\$ (59,538)	\$ (113,182)	\$ (97,129)	\$ (111,421)

(continued)

Table 4
City of Riverside
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis accounting)

(in thousands) Page 2 of 2

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Other financing sources (uses):										
Transfers in	\$ 32,914	\$ 41,364	\$ 31,305	\$ 36,202	\$ 41,440	\$ 49,944	\$ 59,545	\$ 84,306	\$ 62,841	\$ 100,797
Transfers out	(15,902)	(23,837)	(13,248)	(17,984)	(31,338)	(35,026)	(33,969)	(53,135)	(30,515)	(58,710)
Sales of general capital assets	(191)	168	153	1,314	(675)	6,230	1,281	541	8,931	(5,798)
Advances from other funds	613	1,599	-	81	-	-	-	-	-	-
Long-term obligation proceeds	6,360	-	8,454	750	247,594	85,578	20,969	295,190	164,408	30,425
Premiums on bonds issued	-	-	-	-	-	113	-	4,455	-	-
Payments to refunded bond agent	-	-	-	-	(58,657)	(9,167)	-	-	(148,975)	(30,200)
Total other financing sources (uses)	23,794	19,294	26,664	20,363	198,364	97,672	47,826	331,357	56,690	36,514
Special item - pension contribution	-	-	-	-	(88,300)	(32,141)	-	-	-	-
Net change in fund balances	\$ 14,462	\$ 19,149	\$ 5,339	\$ 4,982	\$ 84,377	\$ 36,042	\$ (11,712)	\$ 218,175	\$ (40,439)	\$ (74,907)
Debt service as a percentage of noncapital expenditures	12.240%	14.287%	11.311% (2)	9.018% (2)	9.140% (1) (2)	16.676% (1) (2)	31.075% (2)	32.274% (2)	76.697% (2)	54.770%

(1) Restatement of debt service principal payments to reflect proper reporting of payment to refunded bond agent for refundings during the fiscal year.

(2) Restatement of debt service percentages to exclude capitalized expenditures.

Table 5
City of Riverside
Business-Type Activities Electricity Revenue By Source
Last Nine Fiscal Years
(accrual basis of accounting)

(in thousands)

Fiscal Year	Residential Sales	Commercial Sales	Industrial Sales	Wholesale Sales	Other Sales	Transmission Revenue	Other Operating Revenue	Total Revenues
2001	\$ 65,426	\$ 45,478	\$ 51,558	\$ 73,090	\$ 21,897	\$ -	\$ 1,971	\$ 259,420
2002	64,625	46,265	49,487	46,505	7,447	-	1,777	216,106
2003	68,649	48,974	52,380	17,806	5,619	8,661	2,230	204,319
2004	80,872	57,079	56,117	9,581	6,354	20,917	2,182	233,102
2005	79,786	59,998	59,157	15,249	6,337	20,213	12,697	253,437
2006	85,243	53,773	71,084	11,952	7,139	20,043	9,183	258,417
2007	94,426	55,421	83,698	9,913	5,713	20,097	9,536	278,804
2008	99,981	60,768	92,697	14,805	5,425	19,211	12,405	305,292
2009	105,525	65,532	97,100	9,400	5,684	18,673	12,250	314,164

The City started receiving Transmission Revenue in 2003.

The City of Riverside has elected to show nine years of data for this schedule.

Table 6
City of Riverside
Governmental Activities Tax Revenues By Source
Last Nine Fiscal Years
(accrual basis of accounting)

(in thousands)

Fiscal Year	Sales Tax	Property Tax	Utility Users Tax	Franchise Tax	Other Tax	Total Taxes
2001	35,037	33,981	19,613	3,746	2,725	\$ 95,102
2002	38,467	29,471	18,510	4,070	2,777	93,295
2003	41,691	33,584	19,928	3,811	2,967	101,981
2004	46,624	35,911	21,362	4,261	3,213	111,371
2005	53,348	61,553	22,133	4,481	1,795	143,310
2006	57,522	80,934	23,502	4,813	4,372	171,143
2007	55,666	106,114	25,384	5,031	3,581	195,776
2008	50,526	114,176	26,267	4,972	3,795	199,736
2009	41,882	116,420	25,964	5,144	2,912	192,322

The City of Riverside has elected to show nine years of data for this schedule.

Table 7
City of Riverside
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

(in thousands)

Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
2000	10,557,523	632,940	(1,899,625)	9,290,838	N/A	N/A	N/A	N/A	1.009
2001	11,269,877	686,215	(2,017,543)	9,938,549	N/A	N/A	N/A	N/A	1.009
2002	12,103,179	799,323	(2,129,115)	10,773,387	1,240,768	205,181	(16,263)	1,429,686	1.008
2003	13,071,416	980,529	(2,406,961)	11,644,984	1,390,108	276,506	(27,690)	1,638,924	1.057
2004	14,188,658	845,858	(2,526,503)	12,508,013	1,508,478	228,775	(30,286)	1,706,967	1.056
2005	15,540,982	951,211	(2,751,844)	13,740,349	1,775,655	158,148	(33,654)	1,900,149	1.074
2006	17,557,341	1,058,995	(4,002,177)	14,614,159	2,914,600	210,025	(51,992)	3,072,633	1.073
2007	20,672,126	1,140,891	(5,417,388)	16,395,629	4,145,700	410,625	(93,261)	4,463,064	1.065
2008	23,618,776	1,291,972	(6,960,666)	17,950,082	5,509,441	553,124	(138,490)	5,924,075	1.059
2009	24,428,633	1,330,053	(7,515,667)	18,243,019	5,998,768	581,943	(224,025)	6,356,686	1.065

Notes:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above. Assessed valuations are based on 100 percent of estimated actual value.

NA - not available

Source: Riverside County Auditor-Controller

Table 8
City of Riverside
Direct and Overlapping Property Tax Rates
(Rate per \$100 of Assessed Valuation)
Last Ten Fiscal Years

Fiscal Year	General	City General Obligation Debt Service	Riverside Unified School District	Riverside City Community College	Metro Water West	Total
2000	1.000	-	-	-	0.009	1.009
2001	1.000	-	-	-	0.009	1.009
2002	1.000	-	-	-	0.008	1.008
2003	1.000	-	0.050	-	0.007	1.057
2004	1.000	-	0.050	-	0.006	1.056
2005	1.000	0.010	0.040	0.018	0.006	1.074
2006	1.000	0.009	0.041	0.018	0.005	1.073
2007	1.000	0.008	0.035	0.018	0.004	1.065
2008	1.000	0.007	0.035	0.013	0.004	1.059
2009	1.000	0.007	0.041	0.013	0.004	1.065

Notes:

The City of Riverside has approximately 200 tax rate areas. The tax rates in these areas varied from 1.05% to 1.13% of assessed valuation. The direct and overlapping property tax rates shown above are for one of the largest tax rate areas in the City.

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the various intergovernmental overlapping debt.

Source: Riverside County, Auditor-Controller's Office

Table 9
City of Riverside
Principal Property Taxpayers
Current Year and Nine Years Ago

(in thousands)

Property Owner	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Bre Prop Inc	\$ 151,859	1	0.6%			
La Sierra University	124,565	2	0.5%			
Riverside Healthcare System	109,056	3	0.4%	80,724	3	0.8%
MEF Realty	89,303	4	0.4%			
State Street Bank & Trust Co of Calif	83,391	5	0.3%	88,095	2	0.9%
Press Enterprise Co	82,248	6	0.3%	44,500	5	0.5%
Riverside Plaza	68,502	7	0.3%			
Canyon Springs Marketplace Corp	66,978	8	0.3%	36,714	8	0.4%
Canyon Crossing I	60,997	9	0.2%			
Ohio Teacher Retirement				137,798	1	1.4%
Rohr Inc	60,690	10	0.2%	76,169	4	0.8%
Metal Container Corp				39,286	6	0.4%
Charter Communication				36,942	7	0.4%
Toro Company				36,679	9	0.4%
Nordstrom Inc				30,803	10	0.3%
Totals	<u>\$ 897,589</u>		<u>3.6%</u>	<u>607,710</u>		<u>6.3%</u>

Notes:

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Source: California Municipal Statistics, Inc.

Table 10
City of Riverside
Property Tax Levies and Collections
Last Seven Fiscal Years

(in thousands)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections for Fiscal Year	Total Fiscal Year Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	25,809	25,479	98.7%	603	26,082	101.1%
2004	31,829	31,429	98.7%	966	32,395	101.8%
2005	36,825	36,332	98.7%	706	37,037	100.6%
2006	52,532	51,815	98.6%	746	52,561	100.1%
2007	69,246	67,046	96.8%	934	67,981	98.2%
2008	83,996	82,345	98.0%	1,562	83,907	99.9%
2009	85,616	84,134	98.3%	2,540	86,674	101.2%

Note:

The table reflects amounts related to the City and the Redevelopment Agency. The amounts collected by the Redevelopment Agency include monies that were passed-through to other agencies. Current tax levies are the original charge as provided by the County of Riverside. Current tax collections do not include supplemental tax levies.

Source: Riverside County Auditor Controller's Office and City Finance Division

The City of Riverside has elected to show seven years of data for this schedule.

Table 11
City of Riverside
Electricity Sold by Type of Customer,
Last Ten Fiscal Years

(in millions of kilowatt-hours)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Type of Customer:										
Residential	594.0	610.0	600.0	618.0	707.0	675.0	696.0	748.0	734.0	733.0
Commercial	436.0	432.0	434.0	451.0	522.0	530.0	474.0	456.0	441.0	433.0
Industrial	651.0	654.0	629.0	658.0	687.0	707.0	810.0	924.0	960.0	946.0
Wholesale sales	419.0	600.0	541.0	378.0	354.0	470.0	287.0	295.0	357.0	299.0
Other	53.0	54.0	53.0	49.0	52.0	50.0	58.0	39.0	34.0	33.0
Total	2,153.0	2,350.0	2,257.0	2,154.0	2,322.0	2,432.0	2,325.0	2,462.0	2,526.0	2,444.0
Total direct rate										
Monthly Base Rate ¹	3.06	3.06	3.06	3.18	3.28	3.36	3.36	5.00	11.35	13.063
Rate per 250 KWH ¹	20.18	20.18	20.18	20.98	21.65	22.20	22.20	22.20	25.88	25.88

¹ Rates are based on a monthly base rate plus energy charge for the first 250 KWH.
The Utility charges an excess use rate over 250 KWH.

Source: Riverside Public Utilities, Finance Services

Table 12
City of Riverside
Electricity Rates
Last Ten Fiscal Years
(Average Rate in Dollars per Kilowatt-Hour)

Fiscal Year Ended June 30	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>
2000	0.10767	0.10640	0.08081	0.11090
2001	0.10798	0.10637	0.07925	0.11112
2002	0.10768	0.10615	0.07844	0.11206
2003	0.10990	0.10779	0.07901	0.11869
2004	0.11439	0.10936	0.08167	0.12271
2005	0.11813	0.11321	0.08369	0.12768
2006	0.12222	0.11330	0.08798	0.12373
2007	0.12621	0.12164	0.09059	0.14493
2008	0.13613	0.13781	0.09658	0.16099
2009	0.14389	0.15122	0.10271	0.17169

NOTE:

Rates are based on a monthly base rate plus an energy charge for the first 250 KWH. The Utility charges an excess use rate over 250 KWH.

Source: Riverside Public Utilities, Finance Services

Table 13
City of Riverside
Top 10 Electricity Customers
Current Year and Nine Years Ago

Electricity Customer	2009		2000	
	Electricity Charges	Percent of Total Electric Revenues	Electricity Charges	Percent of Total Electric Revenues
County Agency	\$ 7,805,664	2.85%	N/A	N/A
State University	7,481,477	2.73%	N/A	N/A
Local Government	6,184,476	2.26%	N/A	N/A
Local School District	4,351,162	1.59%	N/A	N/A
Grocery Store	3,251,002	1.19%	N/A	N/A
Corporation	2,323,394	0.85%	N/A	N/A
Shopping Mall	1,952,604	0.71%	N/A	N/A
Corporation	1,943,163	0.71%	N/A	N/A
Corporation	1,768,410	0.65%	N/A	N/A
Hospital	1,762,868	0.64%	N/A	N/A
	<u>\$ 38,824,220</u>	<u>14.18%</u>	<u>N/A</u>	<u>N/A</u>

Retail Sales Per Financial Statements \$ 273,841,491

N/A - not available

Source: Riverside Public Utilities, Finance Services

Table 14
City of Riverside
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(in thousands)

Fiscal Year	Governmental Activities							Notes Payable
	General Obligation Bonds	Redevelopment Bonds	Revenue Bonds	Assessment Bonds	Pension Obligation Bonds	Certificates of Participation	Capital Leases	
2000	-	115,605	6,795	245	-	6,050	4,719	12,998
2001	-	113,980	2,830	195	-	5,615	7,316	11,629
2002	-	111,880	525	135	-	5,150	6,430	11,096
2003	-	109,615	-	-	-	4,650	5,517	11,447
2004	20,285	131,590	-	-	89,540	58,706	8,938	11,057
2005	20,280	144,024	-	-	148,280	57,336	7,431	10,645
2006	19,858	140,195	-	-	146,470	55,571	6,008	10,215
2007	19,331	296,598	-	-	144,450	192,874	4,929	9,759
2008	18,774	292,244	-	-	142,170	200,273	9,391	9,040
2009	18,171	285,743	-	-	139,410	198,268	7,455	8,749

Fiscal Year	Business-Type Activities			Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Revenue Bonds	Loans Payable	Capital Leases			
2000	310,424	7,956	409	465,201	12.96%	1.79
2001	299,244	7,315	653	448,777	11.86%	1.69
2002	355,621	6,966	571	498,374	13.52%	1.85
2003	342,559	11,524	498	485,810	12.54%	1.77
2004	440,970	11,066	439	772,591	18.68%	2.79
2005	419,581	10,459	392	818,428	19.02%	2.87
2006	509,577	9,841	317	898,052	14.31%	3.12
2007	482,929	9,211	253	1,160,334	17.62%	3.98
2008	720,749	8,569	211	1,401,421	20.84%	4.72
2009	674,646	7,915	2,574	1,342,931	20.42%	4.48

Source: City of Riverside Notes to Financial Statements and Statistical Table 20.

Table 15
City of Riverside
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

(in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Pension Bonds</u>	<u>Certificates of Participation</u>	<u>Tax Allocation Bonds ²</u>	<u>Total</u>	<u>Percent of Assessed Value ¹</u>	<u>Per Capita</u>
2000	-	-	-	115,605	115,605	1.24%	478
2001	-	-	-	113,980	113,980	1.15%	472
2002	-	-	-	111,880	111,880	1.04%	463
2003	-	-	-	109,615	109,615	0.94%	454
2004	20,285	89,540	58,706	131,590	300,121	2.40%	1,242
2005	20,280	148,280	57,336	144,024	369,920	2.69%	1,531
2006	19,858	146,470	55,571	140,195	362,094	2.48%	1,499
2007	19,331	144,450	192,874	290,407	647,062	3.95%	2,188
2008	18,774	142,170	200,273	292,244	653,461	3.64%	2,201
2009	18,171	139,410	198,268	285,743	641,592	3.57%	2,161

Notes:

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (which, the City has none.)

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

² Amount presented is net of restricted resources held for the repayment of outstanding debt principal.

Source: City of Riverside Notes to Financial Statements and Reserve Cash Reconciliation maintained by City Finance Division.

Table 16
City of Riverside
Direct and Overlapping Debt
As of June 30, 2009

Page 1 of 2

City Assessed Valuation:	\$ 24,879,165,206
Redevelopment Agency Incremental Valuation:	6,409,441,520
Adjusted Assessed Valuation:	<u>\$ 18,469,723,686</u>

	Percentage Applicable ³	Outstanding Debt 06/30/2009	Estimated Share of Overlapping Debt
Direct and Overlapping Tax and Assessment Debt:			
Metropolitan Water District	1.000%	\$ 2,934,250	\$ 29,343
Riverside City Community College District	27.607%	39,013,138	10,770,357
Alvord Unified School District	62.090%	64,483,570	40,037,849
Riverside Unified School District	83.470%	134,595,375	112,346,760
Corona-Norco Unified School District	0.002%	4,759	-
Jurupa Unified School District	0.400%	2,190	9
Moreno Valley Unified School District	4.816%	2,300,291	110,782
City of Riverside	100%	17,940,000	17,940,000
Alvord Unified School District Community District No.2006-1	69%	6,079,154	4,175,832
Riverside Unified School District Community Facilities Districts	96.650-100%	93,126,760	90,007,014
City of Riverside Community Facilities Districts	100%	29,317,000	29,317,000
City of Riverside 1915 Act Bonds	100%	36,950,000	36,950,000
Total Direct and Overlapping Tax and Assessment Debt:		<u>\$ 426,746,487</u>	<u>\$ 341,684,946</u>

(continued)

Table 16
City of Riverside
Direct and Overlapping Debt
As of June 30, 2009

Page 2 of 2

Direct and Overlapping General Fund Debt:			
Riverside County General Fund Obligations	10.677%	\$ 82,615,863	\$ 8,820,896
Riverside County Pension Obligations	10.677%	40,795,749	4,355,762
Riverside County Board of Education Certificates of Participation	10.677%	882,988	94,277
Alvord Unified School District Certificates of Participation	0.000%	-	-
Corona-Norco Unified School District Certificates of Participation	0.200%	580	1
Jurupa Unified School District Certificates of Participation	0.400%	299	1
Moreno Valley Unified School District Certificates of Participation	4.816%	1,070,356	51,548
Riverside Unified School District General Fund Obligations	83.470%	18,513,646	15,453,340
City of Riverside General Fund Obligations	100%	196,905,000	196,905,000 (1)
City of Riverside Pension Obligations	100%	142,170,000	142,170,000
Total Gross Direct and Overlapping General Fund Debt:		482,954,481	367,850,825
Less: Riverside County Self-Supporting Obligations		1,808,561	2,363,665
Total Net Direct and Overlapping General Fund Debt:		<u>\$ 481,145,920</u>	<u>\$ 365,487,160</u>
Net Direct and Overlapping Debt:			<u>\$ 707,172,106</u>
Gross Direct and Overlapping Debt:			<u>\$ 709,535,771 (2)</u>

- (1) Excludes certificates of participation to be sold
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
(3) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

Note: April 2009 is the latest information available from the California Municipal Statistics, Inc. for this schedule.

Table 17
City of Riverside
Legal Debt Margin Information
Last Ten Fiscal Years

	(in thousands)									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assessed valuation	\$9,290,838	\$9,938,549	\$10,773,387	\$11,644,984	\$12,508,013	\$13,740,349	\$14,614,159	\$16,395,629	17,950,082	18,243,019
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,322,710	2,484,637	2,693,347	2,911,246	3,127,003	3,435,087	3,653,540	4,098,907	4,487,521	4,560,755
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	348,406	372,696	404,002	436,687	469,050	515,263	548,031	614,836	673,128	684,113
Total net debt applicable to limit:	-	-	-	-	20,285	20,280	19,858	19,331	18,774	18,171
Legal debt margin	348,406	372,696	404,002	436,687	448,765	494,983	528,173	595,505	654,354	665,942
Total net debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	4.3%	3.9%	3.6%	3.1%	2.8%	2.7%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City of Riverside, Statistical Table 6 and Notes to Financial Statements.

Table 18
City of Riverside
Pledged-Revenue Coverage
Governmental Activity Debt
Last Ten Fiscal Years (in thousands)

Fiscal Year	Tax Allocation Bonds			
	Debt Service			
	Pledged Revenue ¹	Principal	Interest	Coverage
2000	12,829	1,894	7,194	1.41
2001	13,279	3,099	7,363	1.27
2002	14,859	2,745	7,252	1.49
2003	16,180	2,694	7,371	1.61
2004	17,410	1,873	9,599	1.52
2005	21,242	4,507	6,307	1.96
2006	35,268	4,390	7,236	3.03
2007	35,966	3,185	7,663	3.32
2008	50,911	3,305	12,988	3.12
2009	50,270	5,360	12,856	2.76

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ Amount has been calculated in accordance with the provisions set forth in the debt covenants.

Table 19
City of Riverside
Pledged-Revenue Coverage
Business Type Activity Debt
Last Ten Fiscal Years

(in thousands)

Fiscal Year	Electric Revenue Bonds						Water Revenue Bonds					
	Pledged Revenue ¹	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Coverage	Pledged Revenue ¹	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2000	197,842	150,175	47,667	6,610	10,669	2.76	33,327	16,397	16,930	2,755	2,591	3.17
2001	271,828	227,081	44,747	6,930	10,350	2.59	36,259	18,643	17,616	2,955	2,364	3.31
2002	229,529	190,426	39,103	7,385	9,841	2.27	43,215	19,244	23,971	3,215	2,941	3.89
2003	211,553	157,450	54,103	7,840	10,966	2.88	36,837	19,928	16,909	3,895	2,720	2.56
2004	239,842	168,162	71,680	10,780	10,183	3.42	47,093	23,767	23,326	4,010	2,622	3.52
2005	262,350	164,159	98,191	14,555	12,143	3.68	45,348	26,436	18,912	4,045	2,591	2.85
2006	265,086	184,421	80,665	15,015	15,245	2.67	66,226	27,028	39,198	3,875	3,790	5.11
2007	289,784	187,700	102,084	18,815	14,200	3.09	55,699	29,461	26,238	4,300	3,454	3.38
2008	314,733	219,680	95,053	19,460	16,790	2.62	67,312	33,827	33,485	4,355	4,275	3.88
2009	325,174	207,631	117,543	20,345	24,941	2.60	60,886	35,639	25,247	4,375	6,826	2.25

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ Amounts have been calculated in accordance with the provisions set forth in the debt covenants. Total operating expenses exclusive of depreciation.

Table 20
City of Riverside
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2000	259,738	3,590,877,850	13,825	5.3
2001	265,684	3,783,605,844	14,241	5.2
2002	269,402	3,687,305,174	13,687	6.5
2003	274,100	3,874,951,700	14,137	6.8
2004	277,030	4,135,503,840	14,928	6.2
2005	285,537	4,303,042,590	15,070	5.9
2006	287,820	6,275,627,280	21,804	5.4
2007	291,398	6,583,846,412	22,594	6.5
2008	296,842	6,725,549,194	22,657	8.3
2009	300,096	6,576,903,936	21,916	14.1

Source: City of Riverside, Development Department

Table 21
City of Riverside
Principal Employers
Current Year and Nine Years Ago

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of California	7,127	1	4.6%	N/A	N/A	N/A
Riverside Unified School District	4,200	2	2.7%	N/A	N/A	N/A
Kaiser Permanente	3,900	3	2.5%	N/A	N/A	N/A
City of Riverside	2,749	4	1.8%	N/A	N/A	N/A
Alvord Unified School District	2,000	5	1.3%	N/A	N/A	N/A
Riverside Community College	2,000	6	1.3%	N/A	N/A	N/A
Fleetwood Motorhome Svc	1,963	7	1.3%	N/A	N/A	N/A
Riverside Community Hospital	1,600	8	1.0%	N/A	N/A	N/A
Parkview Community Hospital	915	9	0.6%	N/A	N/A	N/A
Riverside Medical Clinic	750	10	0.5%	N/A	N/A	N/A
Total	<u>27,204</u>		<u>17.5%</u>	<u>N/A</u>		<u>N/A</u>

N/A - not available

Source: City of Riverside, Development Department

Table 22
City of Riverside
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function										
General government	276.22	288.26	313.29	314.39	318.36	331.88	377.15	412.22	436.35	439.10
Public safety										
Police ¹	534.95	544.65	560.65	569.65	567.83	568.83	589.33	618.33	637.33	591.93
Fire	188.64	218.64	217.65	218.65	219.65	221.11	221.73	251.73	254.21	254.21
Firefighters and Police Officers	505.00	539.00	552.00	561.00	557.00	557.46	566.46	620.46	632.46	633.46
Highways and streets	267.10	269.10	266.10	280.10	285.10	281.35	262.35	286.35	318.35	369.65
Sanitation	44.49	44.49	44.49	44.49	48.49	48.49	59.49	60.29	64.29	58.60
Culture and recreation	256.52	265.08	282.93	301.97	302.92	300.92	311.45	324.26	339.52	340.71
Airport	5.00	5.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00
Water	121.00	122.00	123.00	123.00	130.00	130.00	133.00	142.00	167.00	167.00
Electric	276.60	280.60	282.60	291.60	295.60	305.60	337.60	351.35	404.60	408.10
Total	1,970.52	2,037.82	2,096.71	2,149.85	2,173.95	2,194.18	2,298.10	2,453.53	2,628.65	2,636.30

¹ In fiscal year 2009 the Crossing Guards program (46.40 FTEs) was moved from the Police Department to the Public Works Department (highways and streets).

Source: City of Riverside, Budget Office

Table 23
City of Riverside
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Arrests	8,756	9,638	10,047	10,541	11,951	11,280	10,093	9,827	9,367	10,150
Fire										
Number of calls answered	22,824	23,968	24,115	24,886	25,876	26,505	26,696	27,458	27,429	26,397
Inspections	N/A	N/A	N/A	14,229	16,306	17,028	19,261	7,261	10,812	7,638 (1)
Public works:										
Street resurfacing (miles)	N/A	109.09	104.04	67.39	62.37	102.45	51.26	73.40	26.27	18.90
Parks and recreation										
Number of recreation classes	14,492	14,492	14,619	14,787	15,135	15,195	16,272	19,079	22,146	21,884
Number of facility rentals	26,327	26,327	26,533	26,854	27,014	27,074	27,483	32,980	35,076	36,822
Water										
Number of accounts	59,088	59,709	60,059	60,625	61,668	62,492	62,985	63,431	63,494	64,062
Annual consumption (ccf)	31,211,892	29,287,333	30,682,171	29,283,851	30,596,320	27,875,253	28,865,030	32,110,208	30,583,266	30,300,384
Electric										
Number of accounts	94,004	96,056	97,793	99,018	100,766	103,463	104,294	105,226	106,015	106,385
Annual consumption (kwh)	2,153	2,350	2,257	2,154	2,322	2,432	2,359	2,462	2,526	2,444 (2)
Sewer:										
New connections	N/A	4,073	5,267	5,825	7,034	9,621	16,717	15,423	16,412	18,765
Average daily sewage treatment (millions of gallons)	30.92	32.59	34.75	33.15	35.24	38.07	35.91	32.50	32.10	33.00

¹ Inspections were not tracked prior to 2003

² Amounts expressed in millions

N/A - not available

Source: City of Riverside, various departments

Table 24
City of Riverside
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005 (1)	2006	2007	2008	2009
Function										
Public Safety										
Police										
Stations	2	2	2	2	2	2	3	3	3	3
Substations	9	9	9	7	11	7	5	4	4	5
Helicopters	4	4	4	4	4	4	4	4	4	4
Fire										
Stations	13	13	13	13	13	13	13	14	14	14
Active apparatus	26	26	26	30	30	30	29	30	30	30
Reserve apparatus	4	4	5	6	5	5	6	6	6	7
Training facilities	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	811.74	819.18	816.34	1,100.00	829.00	836.00	845.35	852.04	864.68	866.89
Streetlights	27,622	27,841	28,058	28,246	28,401	28,581	28,847	29,028	29,312	29,675
Traffic signals	287	299	320	320	322	322	353	358	363	365
Culture and recreation										
Parks acreage	2,664.60	2,664.60	2,665.00	2,534.00	2,500.00	2,534.00	2,534.00	2,800.00	2,939.22	3,003.15
Community centers	10	10	10	10	10	11	11	11	11	11
Playgrounds	32	32	35	30	26	26	27	38	38	41
Swimming pools	9	9	9	6	6	7	6	7	7	7
Softball & baseball diamonds	36	36	36	34	34	35	33	44	44	44
Library branches	5	5	5	7	5	5	6	6	6	7
Museum exhibit-fixed	51	51	51	52	11	8	7	13	8	6
Museum exhibit-special	7	7	11	13	4	1	-	2	5	2
Museum reference library volumes	2,575	2,575	2,600	2,750	3,000	5,224	5,500	5,600	4,500	4,500
Water										
Fire hydrants	6,504	6,566	6,715	6,763	6,763	6,926	7,127	7,187	7,381	7,523
Sewer										
Sanitary sewers (miles)	1,100	1,100	800	750	755	755	810	815	820	820
Electric										
Miles of overhead distribution system	543.9	554.9	539.1	593.3	539.0	531.0	527.0	528.0	523.5	523.0
Miles of underground system	523.5	540.1	575.8	538.2	608.0	622.0	663.0	704.0	741.6	760.0

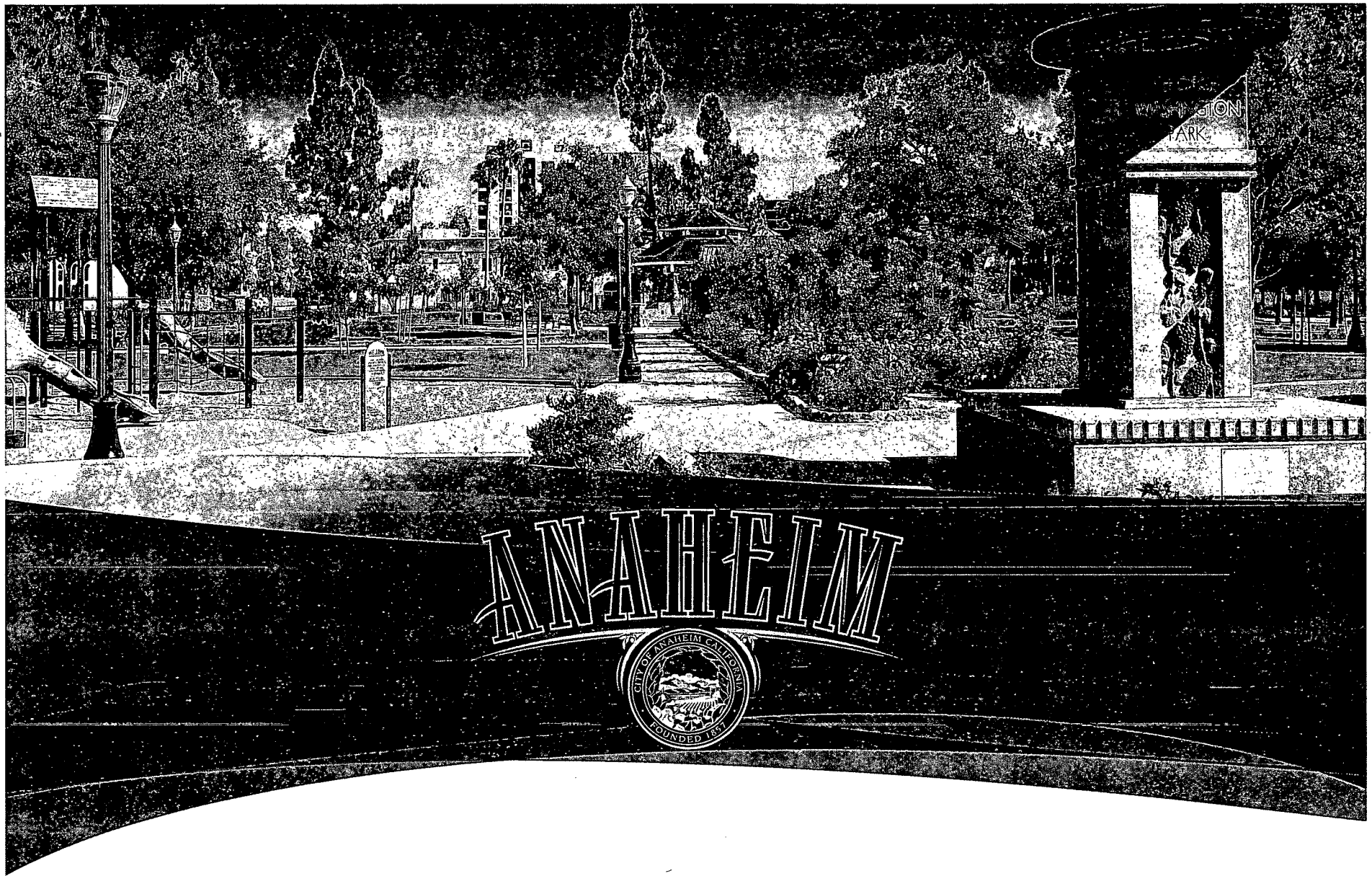
Source: City of Riverside, various departments

(1) During the 2004/05 fiscal year, four police substations closed.

Table 25
City of Riverside
Cash Debt Reserves
Tax Allocation Bonds
Last Ten Fiscal Years

(in thousands)

Tax Allocation Bond	Minimun Required Reserve	Cash Debt Reserve									
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1991 Issue \$13,285,000 Series A	28	75	76	76	74	29	29	29	29	28	28
1994 Issue PFA Multiple Project Areas A/B	900	911	927	902	904	906	-	-	-	-	-
1994 Issue RDA CA Towers Series A	2,481	2,699	2,699	2,411	2,411	-	-	-	-	-	-
1994 Issue RDA CA Towers Series B	431	465	417	431	431	-	-	-	-	-	-
1999 Issue \$17,025,000 Series A Univ Corr	1,257	1,259	1,220	1,256	1,257	1,257	1,257	1,257	1,257	1,257	1,257
1999 Issue \$6,055,000 Series B Univ Corr	442	442	442	443	442	442	442	442	442	442	442
1999 Issue \$20,395,000 Casa Blanca	343	340	340	341	344	344	344	344	348	344	344
2004 Issue A Arlington \$4,550,000	301	-	-	-	-	299	305	309	309	310	307
2004 Issue B Arlington \$2,975,000	197	-	-	-	-	195	199	198	193	198	187
2003 Issue A Cal Towers \$26,255,000	2,341	-	-	-	-	2,342	2,342	2,342	2,342	2,342	2,342
2003 Issue B Cal Towers \$4,810,000	371	-	-	-	-	371	371	371	371	371	371
2004 Issue A Multiple Project \$24,115,000	1,753	-	-	-	-	-	1,753	1,753	1,753	1,753	1,757
	\$ 10,845	\$ 6,191	\$ 6,121	\$ 5,860	\$ 5,863	\$ 6,185	\$ 7,042	\$ 7,045	\$ 7,044	\$ 7,045	\$ 7,035

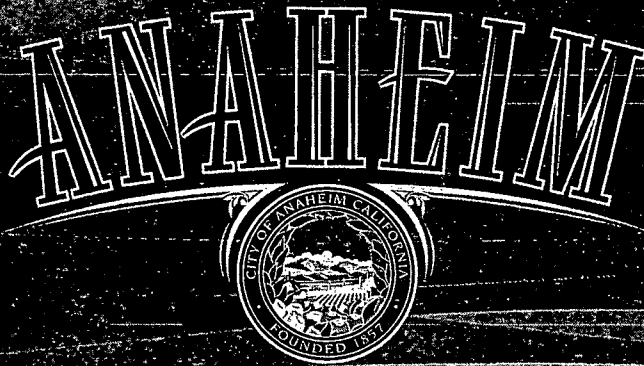


COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF ANAHEIM
CALIFORNIA

YEAR ENDED JUNE 30, 2009

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF ANAHEIM
CALIFORNIA

YEAR ENDED JUNE 30, 2009

PREPARED BY DEPARTMENT OF FINANCE

WILLIAM G. SWEENEY

Finance Director



CITY OF ANAHEIM

CITY COUNCIL



HARRY SIDHU
COUNCIL MEMBER



LUCILLE KRING
COUNCIL MEMBER



CURT PRINGLE
MAYOR

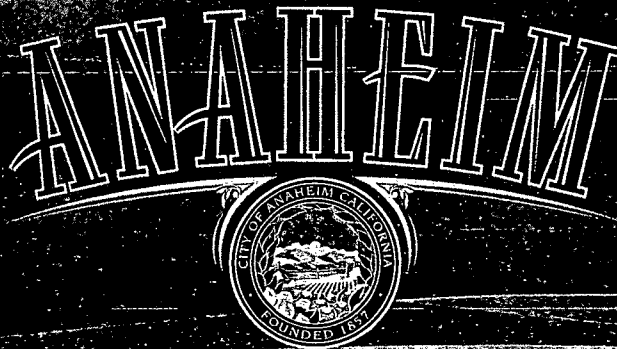


LORRI GALLOWAY
COUNCIL MEMBER



BOB HERNANDEZ
COUNCIL MEMBER

INTRODUCTORY SECTION



Comprehensive Annual Financial Report

Table of Contents

June 30, 2009

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	5
Organization Chart	7
Administrative Personnel	8
FINANCIAL SECTION	
Independent Auditors' Report	9
Management's Discussion and Analysis (Unaudited)	11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	21
Statement of Activities	23
Fund Financial Statements	
Balance Sheet – Governmental Funds	25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	26
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	29
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Housing Authority	30
Statement of Fund Net Assets – Proprietary Funds	31
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	33
Statement of Cash Flows – Proprietary Funds	34
Statement of Fiduciary Assets and Liabilities – Agency Fund – Mello-Roos	36
Notes to the Financial Statements	37
Required Supplementary Information (Unaudited)	68
Combining Individual Fund Statements and Schedules	
Governmental Funds	
Combining Balance Sheet – Nonmajor Governmental Funds by Fund Type	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds by Fund Type	70
Combining Balance Sheet – Nonmajor Special Revenue Funds	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) – Nonmajor Special Revenue Funds	73
Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) – Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds	75

(continued)

Comprehensive Annual Financial Report

Table of Contents

June 30, 2009 (continued)

	Page
Combining Balance Sheet – Nonmajor Debt Service Funds	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	81
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – All Debt Service Funds	82
Combining Balance Sheet – Nonmajor Capital Projects Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	85
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Budgetary Basis Actual – All Capital Projects Funds	86
Internal Service Funds	
Combining Statement of Fund Net Assets – Internal Service Funds	87
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	88
Combining Statement of Cash Flows – Internal Service Funds	89
Fiduciary Funds	
Statement of Changes in Fiduciary Assets and Liabilities – Agency Fund – Mello-Roos	91
STATISTICAL SECTION (Unaudited)	
Net Assets by Component – Last Eight Fiscal Years	94
Changes in Net Assets – Last Eight Fiscal Years	95
Governmental Activities Tax Revenues by Source – Last Eight Fiscal Years	97
Fund Balances of Governmental Funds – Last Ten Fiscal Years	98
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	99
General Government Tax Revenues by Source – Last Ten Fiscal Years	100
Assessed Value of Taxable Property – Last Ten Fiscal Years	101
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	102
Principal Property Tax Payers – Last Ten Fiscal Years	103
Property Tax Levies and Collections – Last Ten Fiscal Years	105
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	106
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	107
Direct and Overlapping Governmental Activities Debt - as of June 30, 2009	108
Legal Debt Margin – Last Ten Fiscal Years	110
Pledged-Revenue Coverage – Last Ten Fiscal Years	111
Demographic and Economic Statistics – Last Ten Fiscal Years	113
Principal Employers – Last Six Fiscal Years	114
Full-time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	115
Operating Indicators by Function – Last Six Fiscal Years	116
Capital Assets Statistics by Function – Last Six Fiscal Years	118
City of Anaheim Map	120



City of Anaheim, California Finance Department

December 3, 2009

To the Honorable Mayor and City Council
City of Anaheim
Anaheim, California

In accordance with the Charter of the City of Anaheim (City), we are submitting the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial activities have been included.

The CAFR is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes the table of contents, this transmittal letter, certificate of achievement, the City's organization chart, and a list of administrative personnel. The Financial Section includes the report of the independent auditors, Management's Discussion and Analysis (MD&A), the basic financial statements including the government-wide financial statements comprised of the Statement of Net Assets and the Statement of Activities, and the accompanying notes to the financial statements. The Financial Section also contains the fund financial statements including the governmental funds financial statements, the proprietary funds financial statements and the fiduciary fund financial statements. This section also includes the combining individual funds financial statements for the nonmajor governmental funds and the internal service funds. The Statistical Section contains selected pertinent financial and demographic information, on a multi-year basis. This transmittal letter is designed to complement and should be read in conjunction with the MD&A.

In addition to the financial audit, the City is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. The information related to the Single Audit, including the schedule of expenditures of federal awards, schedule of findings and questioned costs, and auditors' reports on internal control and compliance, is not included with this report and is issued as a separate document.

This CAFR includes all funds of the City. The City provides a full range of services, including: police and fire protection, highways and streets, public improvements, planning and zoning, utilities (electric and water), sanitation and solid waste, stadium, convention center, golf courses, street and park maintenance, recreational and cultural programs for citizen participation, and general administrative services. In addition to general governmental activities, the City Council is financially accountable for the Anaheim Housing Authority, Anaheim Redevelopment Agency, Community Center Authority, Anaheim Public Improvement Corporation, and Anaheim Public Financing Authority; therefore, these activities are included in the reporting entity.

ECONOMIC CONDITION AND OUTLOOK

The City is located in northwestern Orange County, about 28 miles southeast of downtown Los Angeles and 90 miles north of San Diego. The City lies on a coastal plain, which is bordered by the Pacific Ocean on the west and the Santa Ana Mountains on the east. The City is the oldest and second most populous city in Orange County. Anaheim is home to the Disneyland Resort, the Anaheim Convention Center, and two major league professional sports teams—the Los Angeles Angels of Anaheim American League Baseball team that utilizes the Angel Stadium of Anaheim, and the Anaheim Ducks National Hockey League team that utilizes the Honda Center.

Anaheim's Canyon is the largest contiguous industrial area in Orange County and is home to 25% of all manufacturing jobs in the County. Three-fourths of all Orange County jobs are in the following industry clusters: biotechnology; business and professional services; construction; energy, environment and green technologies; finance, insurance and real estate; healthcare; information technology; logistics and transportation; manufacturing; and hospitality and tourism. Unionization is prevalent in manufacturing, construction, hotels, trucking, logistics, and some larger retailers. Technology businesses are typically nonunion.

As the City continues to attract population growth and economic expansion, its municipal services are constantly being improved to serve residential and business needs. This growth in City service demand presents the City with significant challenges; and if the high level of service is to be maintained, the City will need to continue to explore new methods of obtaining financial resources and more efficient methods to deliver services. The unemployment rate in the Orange County, California area for June 2009 was 9.3%, which remained below both the state (11.6%) average and the national (9.5%) average.

Tourism related spending provides significant discretionary revenue to the City of Anaheim, and the City closely monitors and projects trends related to this market. Revenue from tourism remained strong in fiscal year 2009, although less than previous fiscal years, with local economic forecasts indicating a continued softness of revenues to continue in fiscal year 2010. The City's revenue from sales and use taxes continues to be a significant source of revenue, although there was a decline of these revenues in fiscal year 2009 that are expected to continue in fiscal year 2010.

MAJOR INITIATIVES

City management, working together with the City Council, identifies priorities that will steer the City's future. It is through prudent fiscal management and clear, consistent priorities that the City will continue to strengthen and improve the community, enhance economic vitality, and expand services.

COMMUNITY: New and improved amenities, from libraries and youth centers to police and fire stations, now dot every portion of our City, reminding everyone of the significant investments needed to ensure the City remains vibrant and active for years to come. The City will continue to enhance neighborhoods with future projects, many of which are already underway including the Brookhurst Community Center expansion, the Anaheim Wetlands project, the Anaheim Tennis Center renovation, and the Ross Park expansion.

The Muzeo, a one-of-a-kind center for arts, knowledge, entertainment and culture, continues to bring nationally acclaimed art exhibits to Downtown Anaheim. The City continues to connect to the Santa Ana River and recognize itself as a "home by the river." Beginning with the Anaheim Coves project at the Burris Basin, the City is committed to creating new green spaces and trails along the Santa Ana River, reintroducing natural river habitats and revitalizing neighborhoods along the Santa Ana River corridor. Through a County-City partnership, the City is also developing Heritage Park, a historically themed park built around the Mother Colony House, Woelke-Stoffel House, and an iconic Morten Bay fig tree recently named the City's first landmark tree, all located in the Colony District.

ECONOMIC VITALITY: The City's unique past and diverse economic base are key strengths and driving factors from which the City can draw resources to sustain its provision of municipal services. Building on this success and utilizing the principles of sound fiscal management, the City continues to look for ways in which to maximize City-owned assets and explore new areas of economic growth and opportunity. The Anaheim Canyon Business Center has become a key area of growth for the City and will continue to play a critical role in the development of future economic opportunities, including the establishment of the Anaheim Center for New Energy Technologies (AC-NET) in partnership with California State University Fullerton in order to create an energy research center. Additionally, the City partnered with the Orange County Transportation Authority (OCTA) to create the Anaheim Regional Transportation Intermodal Center (ARTIC) through a public-private partnership. ARTIC will become the largest transportation hub in Southern California, connecting people to numerous transportation options. Buses, conventional rail service, high speed rail, and a fixed guideway system will all intersect at the ARTIC with links to critical sites throughout the City and region, including the Anaheim Resort, the Platinum Triangle, Ontario International Airport, the Canyon Business Center and beyond.

SERVICE: The City takes pride in building a culture committed to service. Each day, the goal of our City employees is to exceed expectations in the delivery of municipal services and to create an environment where business and residents thrive. In an effort to constantly improve upon this goal, employees are empowered to look beyond Anaheim for best practices. The City is committed to implementing new and innovative technologies in order to be responsive to residents regardless of the day of the week or time of the day. The City embarked on a new and innovative partnership with J.D. Power and Associates to develop a customer satisfaction assessment and report. Additionally, the City has been at the forefront of new technologies and systems that seek to embrace the 24/7 lifestyle and increase access to services and information via a virtual City Hall with the successful launch and continued growth of Anaheim Anytime, the accompanying 3-1-1 information hotline and the community alert messaging system.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits

likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

This report consists of management's representations concerning the finances of the City. As a result, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management asserts that, to the best of their knowledge and belief, this financial report is complete and reliable in all material respects.

BUDGETARY CONTROLS: The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, special revenue funds, debt service funds, capital projects funds, and all the proprietary funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances generally are re-appropriated as part of the following year's budget.

Regarding long-term financial planning, as of June 23, 2009, the City Council adopted the fiscal year 2010 budget. Additionally, as a companion to approving the budget plan, a five-year Capital Improvement Plan was presented to the City Council. The five-year plan links anticipated expenditures for infrastructure development with community needs and desires and provides a citywide perspective of recommended projects and proposed funding sources. The Capital Improvement Plan was finalized in June 2009, and totaled \$523.1 million for the five-year fiscal period ending June 30, 2014. The five-year Capital Improvement Plan has been submitted and annually updated, in its present form, since 1982, for effective long-range planning purposes. It is City Management's belief that these two plans give City Council members an expanded opportunity to set policy and provide direction for implementation, resulting in improved management efficiency and improved financial results.

DEBT ADMINISTRATION: At June 30, 2009, the City had a number of debt issues outstanding, as shown in detail in the notes to the financial statements.

The City's ratio of net bonded debt to assessed valuation and the amount of net general bonded debt per capita are useful indicators of our debt position to management, citizens, and investors.

As of June 30, 2009, the City has \$4.8 million in authorized, outstanding tax supported general obligation bonds with no authorized but unissued general obligation bonds. This level of general obligation debt is well below the legal limit of \$4.4 billion, or 15% of assessed valuation. The City's general obligation bonds are rated Aa2 by Moody's Investors Service and rated AA by Standard and Poor's Corporation.

CASH MANAGEMENT: The City Treasurer invests temporarily idle funds in accordance with the California Government Code and a formal investment policy approved by the City Council and the Investment Advisory Commission. During fiscal year 2009, funds were invested in such instruments as U.S. Treasury obligations, U.S. agency securities, commercial paper, corporate medium-term notes, money market mutual funds, and the Local Agency Investment Fund (State Investment Pool). The average maturity of the portfolio as of June 30, 2009 was two years and one month (752 days). Interest earnings for the fiscal year were approximately \$12.9 million with an average earned yield of 3.12%. Bond proceeds are not commingled with the portfolio but are invested pursuant to the bond indentures. Consequently, earnings and yield on bond proceeds are not reflected in the previously stated figures.

RISK MANAGEMENT: Through the utilization of professional risk management techniques of risk identification, risk control, risk transfer, and risk financing, the City has a comprehensive risk management program designed to protect the City's assets and resources from accidental loss. In the risk financing area, the City utilizes a combination of fully funded, actuarially based, self-insurance programs, an excess risk-sharing pool, an industry-captive excess insurer, and commercial insurers. Operational expenses and reserves are maintained in the General Benefits and Insurance Fund. The City's Risk Management Division continues to be very successful with programs that generate material cost savings while, at the same time, eliminating or transferring risk to the maximum extent.

OTHER INFORMATION

THE INDEPENDENT AUDIT: The City Charter requires an annual audit of the financial statements of the City by an independent certified public accountant. Accordingly, this year's audit was completed by KPMG LLP. In addition to meeting the requirements set forth in the City Charter, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditors' report on the basic financial statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are presented as a separate document.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) CERTIFICATE OF ACHIEVEMENT AWARD: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California, for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the 33rd consecutive year that the City has achieved this prestigious award (fiscal years ended June 30, 1976 through 2008). In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

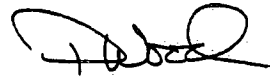
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

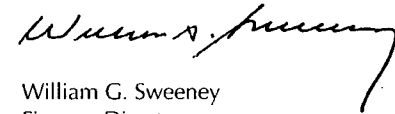
The preparation of this report on a timely basis could not have been accomplished by the Finance Director alone without the efficient and dedicated service of the entire staff of accountants in the Finance Department led by Deborah Moreno, Assistant Finance Director. Appreciation is also expressed to Mayor Pro Tem Bob Hernandez, Council Member Harry Sidhu, and Assistant City Manager Marcie Edwards for their significant contributions as members of the Audit Committee.

In closing, without the leadership and support of the City Council, preparation and results of this report would not have been possible. Its leadership has made possible the implementation of these important and innovative concepts in fiscal management by the City.

Respectfully submitted,



Thomas J. Wood
City Manager



William G. Sweeney
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Anaheim
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

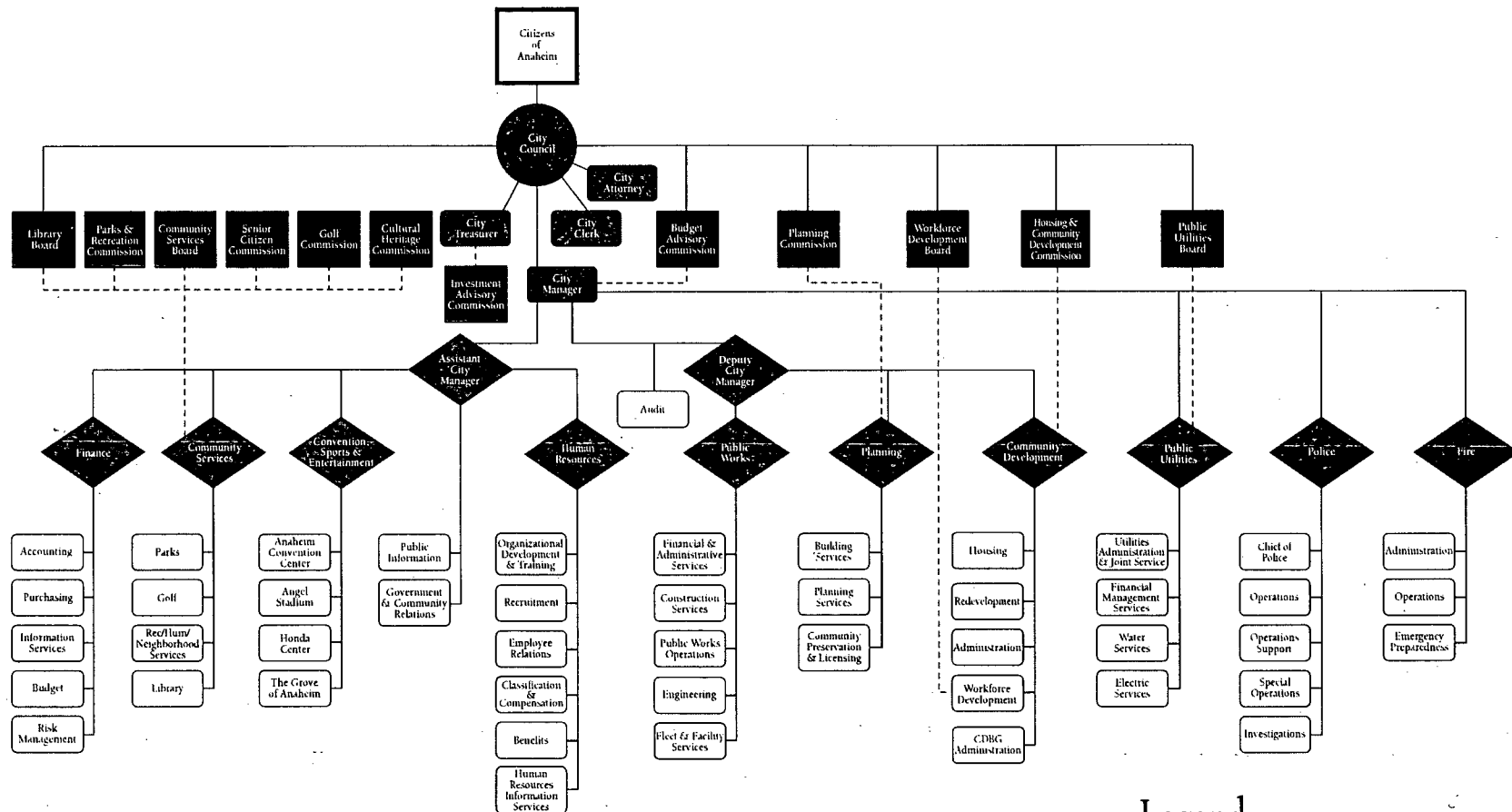
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

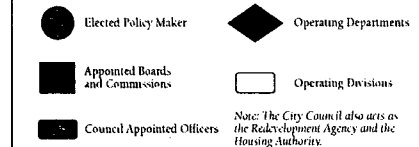
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA.



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Legend



Administrative Personnel
December 3, 2009

City Manager	Thomas J. Wood
Assistant City Manager	Marcie L. Edwards
Chief of Police	John Welter
City Attorney	Cristina L. Talley
City Clerk	Linda N. Andal
City Treasurer	Henry W. Stern
Community Development Executive Director	Elisa Stipkovich
Community Services Director	Terry D. Lowe
Convention, Sports & Entertainment Executive Director	Thomas Morton
Finance Director	William G. Sweeney
Fire Chief	Roger Smith
Human Resources Director	Kristine Ridge
Planning Director	Sheri Vander Dussen
Public Works Director	Natalie Meeks

FINANCIAL SECTION

ANAHEIM



FINANCIAL
SECTION



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report

The Honorable Mayor and City Council
City of Anaheim, California:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Anaheim, California (City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Anaheim, California as of June 30, 2009, and the respective changes in its financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General and Housing Authority Funds for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2009 on our consideration of the City of Anaheim's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 11 through 19 and the pension plan supplementary information on page 68 are not required parts of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Anaheim's basic financial statements. The combining and individual fund statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

December 3, 2009



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MANAGEMENT'S DISCUSSION AND ANALYSIS

ANAHEIM



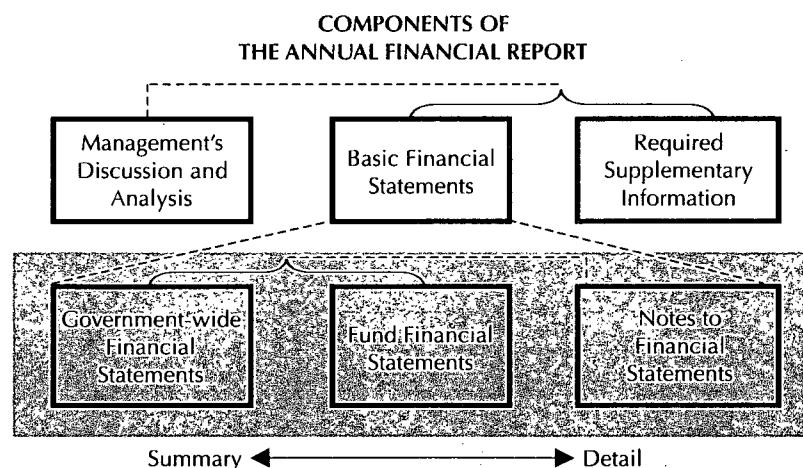
Management's Discussion and Analysis

(Unaudited)

As management of the City of Anaheim (City), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and the City's basic financial statements in the financial section of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.



Government-wide financial statements. The government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the City's finances utilizing the full accrual method of accounting, in a manner similar to a

private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued but unpaid interest expense).

The Statement of Net Assets presents information on all of the City's assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional costs are shown net of related program revenue. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, fire, community development, planning, public works, community services, public utilities (street lighting), convention, sports and entertainment (Visitor and Convention Bureau and the Honda Center), and interest on related long-term debt. The business-type activities of the City include an electric and water utility, sanitation, golf courses, and convention, sports and entertainment venues (Anaheim Convention Center, Angel Stadium of Anaheim, and The Grove of Anaheim) operations.

The government-wide financial statements include not only the City itself, but also the Anaheim Housing Authority, Anaheim Redevelopment Agency, Community Center Authority, Anaheim Public Improvement Corporation, and Anaheim Public Financing Authority. Although these entities are legally separate, they function for all practical purposes as a part of the City, and therefore have been included as blended component units as an integral part of the primary government.

The government-wide financial statements can be found on pages 21-23 of this report.

Fund financial statements. The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts,

established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 17 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and Housing Authority Special Revenue Fund, both of which are considered to be major funds. Data for the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of supplementary combining statements on pages 69-74, 80-81, and 84-85 of this report.

The City adopts an annually appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the General Fund and the major special revenue fund (Housing Authority) are required to be presented and are included in the basic financial statements on pages 29-30 of this report. Additionally, budgetary schedules for the other governmental funds have been provided to demonstrate compliance with the budget and can be found as part of other supplementary schedules on pages 75-79, 82-83, and 86 of this report.

The governmental funds financial statements can be found on pages 25-28 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses its enterprise funds to account for its electric and water utility, sanitation, golf courses, and convention, sports and entertainment venues operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its general benefits and insurance, motorized equipment, duplicating and printing, information services, and municipal facilities maintenance functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered to be major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary funds financial statements can be found on pages 31-35 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The fiduciary fund financial statements can be found on page 36 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-67 of this report.

Other supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents combining individual fund statements referred to earlier in connection with nonmajor governmental funds and internal service funds. Also included are the budgetary comparison Schedules of Revenues, Expenditures and Changes in Fund Balances for all nonmajor special revenue funds, all debt service funds, and all capital projects funds. These statements and schedules can be found on pages 69-90 of this report.

FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The City's net assets increased as a result of this year's operations. Net Assets of the City's governmental activities increased \$64,692 (9%) and business-type activities net assets decreased \$20,315 (2%).
- At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$47,729, or 19% of the total General Fund expenditures.

- The City's total capital assets increased by \$71,846 (3%) during the current fiscal year.
- The City's total long-term liabilities increased by \$97,476 (5%) during the current fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET ASSETS
JUNE 30, 2009 AND 2008

	Governmental Activities		Business-type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 482,898	\$ 458,257	\$ 592,237	\$ 608,336	\$1,075,135	\$1,066,593
Capital assets, net	1,290,772	1,265,713	1,465,113	1,418,326	2,755,885	2,684,039
Total assets	1,773,670	1,723,970	2,057,350	2,026,662	3,831,020	3,750,632
Other liabilities	75,763	93,228	115,340	159,340	191,103	252,568
Long-term liabilities	882,965	880,492	997,091	902,088	1,880,056	1,782,580
Total liabilities	958,728	973,720	1,112,431	1,061,428	2,071,159	2,035,148
Net assets:						
Invested in capital assets, net of related debt	753,409	733,305	754,157	752,632	1,507,566	1,485,937
Restricted	154,306	87,566	45,493	47,406	199,799	134,972
Unrestricted (deficit)	(92,773)	(70,621)	145,269	165,196	52,496	94,575
Total net assets	\$ 814,942	\$ 750,250	\$ 944,919	\$ 965,234	\$1,759,861	\$1,715,484

By far the largest portion of the City's net assets (86%) reflects its investment in capital assets (e.g. land, buildings, utility plant, machinery, equipment, and infrastructure), net of any related outstanding debt, used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

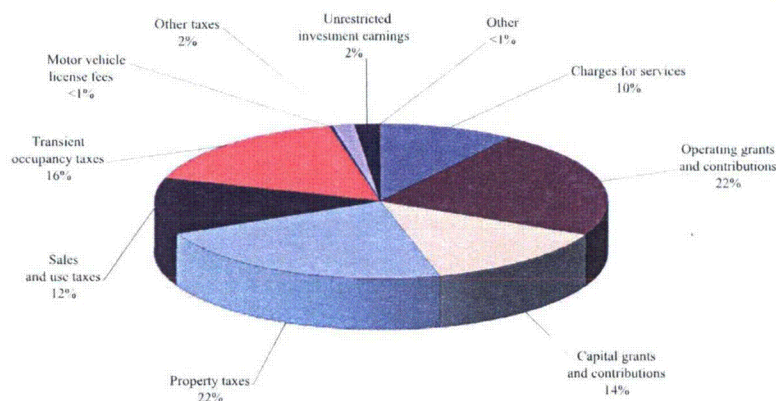
An additional portion of the City's net assets (11%) represents resources that are subject to external restriction on how they may be used. The remaining unrestricted net assets of \$52,496 may be used to meet the City's ongoing obligations to citizens and creditors. Of the unrestricted net assets, \$145,269 is attributable to business-type

activities, which offsets the governmental activities unrestricted net deficit of \$92,773. The Anaheim Redevelopment Agency (Redevelopment Agency), a blended component unit of the City, represents \$136,936 of the deficit in unrestricted net assets. The Redevelopment Agency was established for the purpose of promoting economic revitalization and eliminating blight within the designated project area of the City. Often these activities do not result in residual assets, but rather underwrite the cost of a development activity deemed beneficial in meeting the Redevelopment Agency's objectives. The resulting Statement of Net Assets reflects the debt obligation to be repaid through future tax revenues, without an offsetting asset. While this is a routine function of such an entity, when blended with the City, its deficit of unrestricted net assets causes the governmental activities to report a consolidated deficit position.

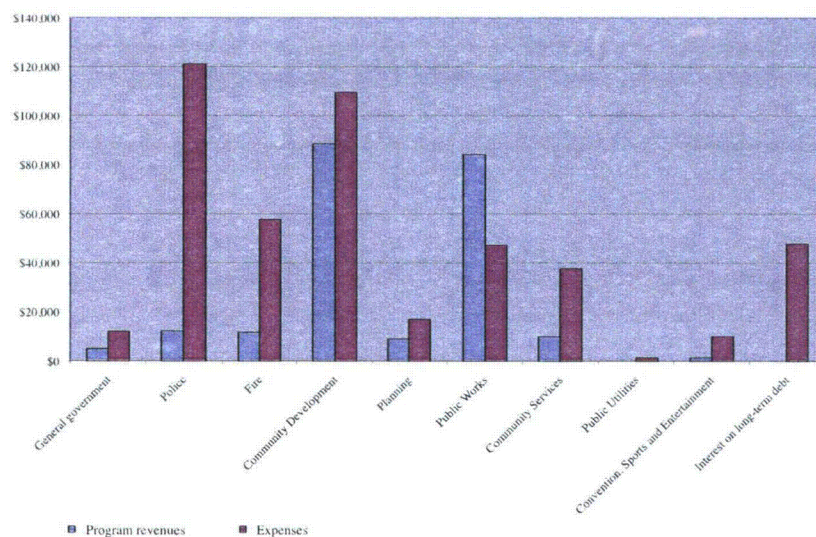
CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2009 AND 2008

	Governmental Activities		Business-type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program revenues:						
Charges for services	\$ 46,738	\$ 51,161	\$504,378	\$491,446	\$ 551,116	\$ 542,607
Operating grants and contributions	109,244	99,337	965	1,194	110,209	100,531
Capital grants and contributions	66,347	30,361	6,620	12,332	72,967	42,693
General revenues:						
Taxes:						
Property taxes	107,921	105,311			107,921	105,311
Sales and use taxes	56,991	63,566			56,991	63,566
Transient occupancy taxes	80,055	87,183			80,055	87,183
Motor vehicle license fees	1,180	1,532			1,180	1,532
Other taxes	8,041	9,529			8,041	9,529
Unrestricted investment earnings	8,667	15,337	19,580	31,244	28,247	46,581
Other	394	2,670			394	2,670
Total revenues	<u>485,578</u>	<u>465,987</u>	<u>531,543</u>	<u>536,216</u>	<u>1,017,121</u>	<u>1,002,203</u>
EXPENSES						
Program activities:						
Governmental activities:						
General government	12,144	12,610			12,144	12,610
Police	121,162	122,883			121,162	122,883
Fire	57,768	56,434			57,768	56,434
Community Development	109,523	105,651			109,523	105,651
Planning	17,057	17,199			17,057	17,199
Public Works	47,226	43,680			47,226	43,680
Community Services	37,704	39,033			37,704	39,033
Public Utilities	1,515	2,128			1,515	2,128
Convention, Sports and Entertainment	10,069	10,781			10,069	10,781
Interest on long-term debt	47,859	45,509			47,859	45,509
Business-type activities:						
Electric Utility			358,882	353,502	358,882	353,502
Water Utility			48,976	49,248	48,976	49,248
Sanitation			52,721	49,712	52,721	49,712
Golf Courses			4,495	4,810	4,495	4,810
Convention, Sports and Entertainment Venues			45,643	47,795	45,643	47,795
Total expenses	<u>462,027</u>	<u>455,908</u>	<u>510,717</u>	<u>505,067</u>	<u>972,744</u>	<u>960,975</u>
Excess before transfers	23,551	10,079	20,826	31,149	44,377	41,228
Transfers in (out)	41,141	15,573	(41,141)	(15,573)		
Increase (decrease) in net assets	64,692	25,652	(20,315)	15,576	44,377	41,228
Effect of Implementation of GASB Statement No. 45		20,422				20,422
Net assets at beginning of year, as previously reported	<u>750,250</u>	<u>704,176</u>	<u>965,234</u>	<u>949,658</u>	<u>1,715,484</u>	<u>1,653,834</u>
Net assets at end of year	<u>\$814,942</u>	<u>\$750,250</u>	<u>\$944,919</u>	<u>\$965,234</u>	<u>\$1,759,861</u>	<u>\$1,715,484</u>

REVENUES BY SOURCE -
GOVERNMENTAL ACTIVITIES



EXPENSES AND PROGRAM REVENUES -
GOVERNMENTAL ACTIVITIES



Governmental activities. The most significant revenues of the governmental activities are general taxes (52%), which include property taxes (22%), sales and use taxes (12%), transient occupancy taxes (16%), other taxes (2%), and motor vehicle license fees (VLF) (less than 1%). Program revenues are 46% of the total revenues of the governmental activities, which include charges for services (10%), operating grants and contributions (22%), and capital grants and contributions (14%).

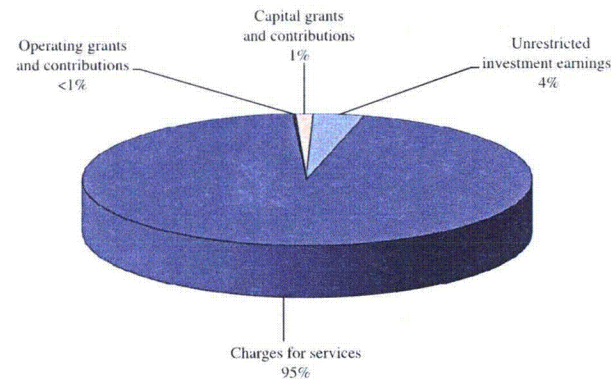
Public safety (police and fire) expenses are the most significant (39%) of all governmental activities expenses, followed by community development (24%), public works (10%), interest on long-term debt (10%), and various other programs (17%). Included in these amounts is depreciation expense, which is 6% of the total expenses for governmental activities.

Governmental activities revenues increased \$19,591 (4%) in the current fiscal year. Due to the economic downturn, taxes decreased \$12,933 (5%) and charges for services decreased \$4,423 (9%). Historically low investment returns and a reduction of surplus monies available for investment resulted in a decrease in investment income of \$6,670 (43%). These decreases were offset by an increase in operating grants and contributions of \$9,907 (10%) and an increase in capital grants and contributions of \$35,986 (119%). The increase in operating grants and contributions is primarily due to one-time revenue for landslide damages in a prior year (\$1,528) and road damage repairs (\$2,800). Capital grants and contributions are generally one-time in nature. Significant grants or contributions for capital include general infrastructure improvements (\$14,163), road improvements (\$33,045), and developer contributions (\$7,823).

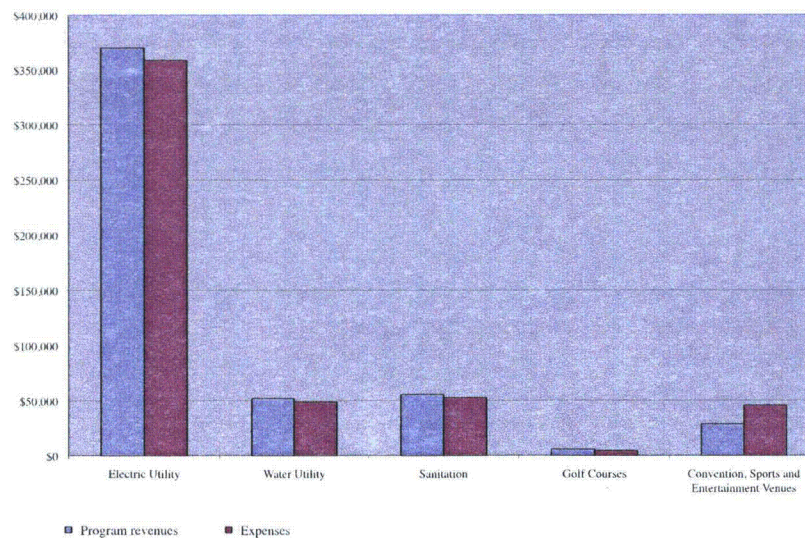
Governmental activities transfers in increased \$25,568 (164%) primarily due to increased transfers from the Electric Utility, Water Utility, and Sanitation of \$19,419, and a net transfer of capital assets of \$3,137. Additional information regarding transfers can be found in note 3 of the notes to the financial statements on pages 47-48 of this report.

Governmental activities expenses increased \$6,119 (1%) in the current fiscal year. There were no significant changes during the year.

REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES



EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES



Business-type activities. Business-type activities decreased the City's net assets by \$20,315. Key elements of this change are as follows:

Charges for services of \$504,378 increased \$12,932 (3%). The increase in charges for services was primarily due to an increase from the Electric Utility of \$14,366 (4%) and partially offset by a decrease from Convention, Sports and Entertainment Venues of \$4,210 (14%).

- The increase in the Electric Utility charges for services is due to the following: 1) increased retail sales revenue of \$10,590 (4%) primarily due to a rate increase and partially offset by a decrease in demand, 2) increased wholesale sales of \$5,593 (25%) primarily due to excess power availability due to the decreased retail demand, 3) increased Rate Stabilization Account (RSA) revenue of \$8,900 (41%) due to the increased cost of purchased power and decrease in transmission revenues (additional information on RSA revenues related to regulatory credits can be found in note 1 of the notes to the financial statements on pages 41 and 42 of this report). The increase in the Electric Utility charges for services was partially offset by a decrease in surplus natural gas sales of \$4,209 (51%) due to lower market rates driven by decreased market demand and a decrease in transmission revenues of \$7,973 (24%) due to decreased statewide transmission demand and reduced rates set by the California Independent System Operator (CAISO).
- The decrease in Convention, Sports and Entertainment Venues charges for services is due to cancelled events, reduced space utilization, and fewer exhibitors and attendees driven by the economic downturn.

Capital grants and contributions of \$6,620 decreased \$5,712 (46%). This decrease is primarily due to the Electric Utility decrease of \$3,841 (45%) and the Water Utility decrease of \$1,806 (60%) as a result of a decline in development projects resulting in capital contributions.

Transfers out of \$41,141 increased by \$25,568 (164%) as discussed in the government-wide financial analysis of governmental activities.

Total expenses of \$510,717 increased \$5,650 (1%). There were no significant changes during the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported total ending fund balances of \$254,011, an increase of \$36,035 in comparison with the prior fiscal year. Approximately 27% of the ending fund balances, \$67,672, constituted unreserved fund balances, which are considered available for appropriation in accordance with each fund's purpose. At June 30, 2009, unreserved fund balances totaled \$47,729 for the General Fund, \$18,222 for the Special Revenue Funds, \$4,433 for the Debt Service Funds and a deficit of \$2,712 for the Capital Project Funds. The remainder of the fund balances is reserved to indicate that it is restricted for specific capital project purposes a deficit of \$37,219 or that it is not available for new spending because it has already been committed 1) to pay debt service (\$65,718), 2) related to land held for resale by the Redevelopment Agency (\$58,698), and 3) to offset non-current financial resources that are not anticipated to be liquidated in the near term (\$24,704).

General Fund revenues were \$17,248 (6%) less than the prior fiscal year primarily due to a decrease in taxes of \$14,091 (6%). Due to the economic downturn, sales and use taxes decreased \$7,903 (12%) and transient occupancy taxes decreased \$7,128 (8%). Additionally, licenses, fees and permits decreased \$4,451 (20%) due to reduced development activity. These decreases were partially offset by an increase in intergovernmental revenues of \$2,485 (80%), primarily due to one-time revenue for landslide damages in a prior year (\$1,528). General Fund expenditures decreased \$2,108 (1%) due to managed savings to mitigate the impact of revenue declines.

The Housing Authority Fund revenues increased by 1,585 (2%). There were no significant or unusual changes in revenue. Housing Authority expenditures increased by \$4,456 (6%). This increase in expenditures is primarily due to increased current expenditures of \$7,205 (11%) for increased housing assistance and partially offset by a decrease in capital outlay of \$4,790 (98%) due to the one-time acquisition of affordable housing land and improvements in the prior fiscal year.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Electric Utility's fund net assets decreased \$8,273 (3%) in the current fiscal year. The most significant factors of the change in fund net assets are discussed in the government-wide financial analysis of business-type activities.

The Water Utility's fund net assets decreased \$134 (less than 1%) in the current fiscal year. There were no significant or unusual changes.

Sanitation's fund net assets decreased \$519 (1%) in the current fiscal year. There were no significant or unusual changes.

The Golf Courses' fund net assets decreased \$142 (2%) in the fiscal current year. There were no significant or unusual changes.

The Convention, Sports and Entertainment Venues fund net assets decreased \$9,462 (3%) in the current fiscal year. The most significant factors of the change in fund net assets are discussed in the government-wide financial analysis of business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year the original budget was amended to increase appropriations by \$2,326 (1%). The increase in appropriations was primarily the result of the carryover of prior year appropriations amounting to \$1,956. Other minor amendments were approved during the year and were to be funded from fund balance.

General Fund revenues of \$248,237 were less than budgeted revenues of \$253,980 by \$5,743 (2%), primarily due to the economic downturn.

General Fund expenditures were less than budgeted. Of the total appropriations of \$270,502, approximately 7%, or \$17,770, went unspent. Expenditure reductions were managed to mitigate the impact of revenue declines. There were no unusual variances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS
(net of accumulated depreciation)
JUNE 30, 2009 AND 2008

	Governmental Activities		Business-type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
Land	\$ 587,767	\$ 567,266	\$ 58,369	\$ 57,539	\$ 646,136	\$ 624,805
Construction in progress	22,079	38,348	64,802	132,506	86,881	170,854
Buildings, structures and improvements	208,716	189,498	391,492	393,918	600,208	583,416
Utility plant			940,286	824,604	940,286	824,604
Machinery and equipment	44,760	48,760	10,164	9,759	54,924	58,519
Infrastructure	427,450	421,841			427,450	421,841
Total	<u>\$1,290,772</u>	<u>\$1,265,713</u>	<u>\$1,465,113</u>	<u>\$1,418,326</u>	<u>\$2,755,885</u>	<u>\$2,684,039</u>

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2009, amounted to \$2,755,885 (net of accumulated depreciation). This investment in capital assets included land, construction in progress, buildings, structures and improvements, utility plant, machinery and equipment, and infrastructure. The total increase over the prior fiscal year was 3%, of which governmental activities increased 2% and business-type activities increased 3%. The increase in governmental activities is primarily due to the addition of Energy Field Park, infrastructure, and right-of-way acquisitions for street-widening projects. The increase in business-type activities is primarily due to 1) the

increase in the Water Utility of \$24,782 (11%) for expansion and refurbishment of water transmission and distribution infrastructure and wells and 2) the increase in the Electric Utility of \$22,206 (3%), which includes construction of the new Anaheim Substation, the expansion or improvement of existing substations, transmission and distribution system improvements, and the replacement of aging overhead electrical lines with underground facilities.

Additional information on the City's capital assets can be found in note 5 of the notes to the financial statements, on pages 48-49 of this report.

LONG-TERM LIABILITIES
JUNE 30, 2009 AND 2008

	Governmental Activities		Business-type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 4,750	\$ 5,220			\$ 4,750	\$ 5,220
Revenue bonds	600,064	588,692	\$829,707	\$689,791	1,429,771	1,278,483
Tax allocation bonds	200,254	199,431			200,254	199,431
Certificates of participation	13,840	23,333	38,000	88,185	51,840	111,518
Capital lease obligations	1,235	2,353			1,235	2,353
Notes and loans payable	24,621	27,538	12,299	13,189	36,920	40,727
Self-insurance	33,988	33,925			33,988	33,925
Pollution remediation obligation	4,213				4,213	
Decommissioning provision			117,085	110,923	117,085	110,923
Total	<u>\$882,965</u>	<u>\$880,492</u>	<u>\$997,091</u>	<u>\$902,088</u>	<u>\$1,880,056</u>	<u>\$1,782,580</u>

Long-term liabilities. The City's outstanding long-term liabilities, including bonds, certificates of participation, capital leases, notes and loans payable, self-insurance, pollution remediation obligation, and the provision for decommissioning costs totaled \$1,880,056 at June 30, 2009. Of this total, \$882,965 (47%) was in governmental activities and \$997,091 (53%) was in business-type activities. The City's outstanding long-term liabilities increased \$97,476 (5%) in fiscal year 2009. The increase is primarily due to the business-type activities issuance of debt by the Electric Utility and Water Utility in the amounts of \$70,000 and \$48,580, respectively, and partially offset by principal payments of \$26,351.

Additional information on the City's long-term liabilities can be found in notes 6, 7, and 9 of the notes to the financial statements, on pages 49-59 and 59-60 of this report.

ECONOMIC FACTORS

- The unemployment rate in the Orange County, California area for June 2009 was 9.3%, which remains below both the state (11.6%) and national (9.5%) average.

- For the 2010 fiscal year, the City appropriated \$264,355 in estimated available resources of \$295,441 for General Fund for spending. This leaves approximately \$31,086 in *estimated available reserves*, which is 12% of General Fund appropriations. The City's long-standing policy is to maintain General Fund reserves of at least 7% to 10% of annual appropriations.
- The City annually reviews all of its fees as part of the budget adoption process. Developer, construction, and other fees applicable to residents and developers doing business with the City are adjusted in June of each year, generally by the average of Consumer Price Index (CPI). Because the CPI for 12 months was zero in February 2009, most fees were not increased.

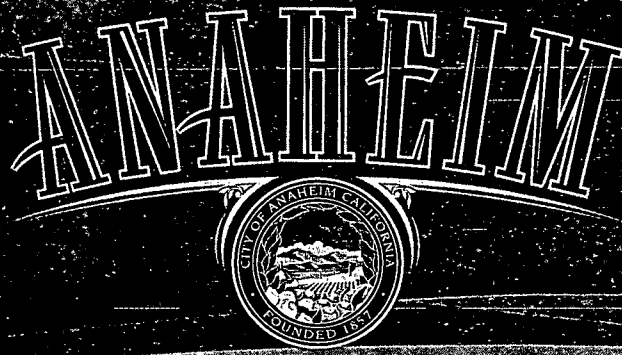
REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, City of Anaheim, 200 South Anaheim Boulevard, Suite 643, Anaheim, California, 92805.



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BASIC FINANCIAL STATEMENTS



Statement of Net Assets

June 30, 2009 (In thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 45,306	\$ 33,409	\$ 78,715
Investments	159,075	117,303	276,378
Accounts receivable, net	20,431	52,743	73,174
Accrued interest receivable	1,099	3,448	4,547
Internal balances, net	9,621	(9,621)	
Due from other governments	42,871		42,871
Notes receivable, net	48,896		48,896
Inventories	918	10,424	11,342
Land held for resale, net	58,698		58,698
Prepaid and other assets	7,894	42,333	50,227
Restricted cash and cash equivalents	34,101	66,549	100,650
Restricted investments	36,397	252,801	289,198
Unamortized debt issuance costs	8,250	8,731	16,981
Bond payment receivable		13,907	13,907
Pipeline receivable		210	210
Net other post-employment benefits (OPEB) asset	9,341		9,341
Capital assets, net:			
Nondepreciable	609,846	123,171	733,017
Depreciable	680,926	1,341,942	2,022,868
Total assets	<u>1,773,670</u>	<u>2,057,350</u>	<u>3,831,020</u>
LIABILITIES			
Accounts payable	20,621	31,474	52,095
Wages payable	27,617	1,823	29,440
Due to other governments	2,395		2,395
Interest payable	14,195	11,610	25,805
Arbitrage rebate liability		1,035	1,035
Deposits	6,608	7,441	14,049
Regulatory credits		61,632	61,632
Unearned revenues	4,327	325	4,652
Noncurrent liabilities:			
Due within one year	23,147	25,427	48,574
Due in more than one year	859,818	971,664	1,831,482
Total liabilities	<u>958,728</u>	<u>1,112,431</u>	<u>2,071,159</u>
NET ASSETS			
Invested in capital assets, net of related debt	753,409	754,157	1,507,566
Restricted for:			
Debt service	5,518	13,217	18,735
Capital projects	34,412	28,673	63,085
Community Development	55,256		55,256
Streets and roads	43,340		43,340
Net other post-employment benefits (OPEB) asset	9,341		9,341
Other purposes	6,439	3,603	10,042
Unrestricted (deficit)	(92,773)	145,269	52,496
Total net assets	<u>\$ 814,942</u>	<u>\$ 944,919</u>	<u>\$ 1,759,861</u>

The accompanying notes are an integral part of these financial statements.



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Statement of Activities

Year Ended June 30, 2009 (In thousands)

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
General government	\$ 24,390	\$(12,246)	\$ 4,861	\$ 139		\$ (7,144)		\$ (7,144)
Police	117,886	3,276	7,118	5,118		(108,926)		(108,926)
Fire	57,609	159	9,122	2,611		(46,035)		(46,035)
Community Development	108,408	1,115	5,459	80,481	\$ 2,557	(21,026)		(21,026)
Planning	15,910	1,147	7,724	1,439		(7,894)		(7,894)
Public Works	46,756	470	7,421	18,141	58,579	36,915		36,915
Community Services	36,907	797	4,833	1,315	3,891	(27,665)		(27,665)
Public Utilities	1,515					(1,515)		(1,515)
Convention, Sports and Entertainment	9,810	259	200		1,320	(8,549)		(8,549)
Interest on long-term debt	47,859					(47,859)		(47,859)
Total governmental activities	467,050	(5,023)	46,738	109,244	66,347	(239,698)		(239,698)
Business-type activities:								
Electric Utility	355,935	2,947	365,526	27	4,753		\$ 11,424	11,424
Water Utility	48,239	737	50,807	14	1,199		3,044	3,044
Sanitation	52,453	268	55,424	76			2,779	2,779
Golf Courses	4,389	106	5,634				1,139	1,139
Convention, Sports and Entertainment Venues	44,678	965	26,987	848	668		(17,140)	(17,140)
Total business-type activities	505,694	5,023	504,378	965	6,620		1,246	1,246
Total government	\$972,744	\$	\$551,116	\$110,209	\$72,967	(239,698)	1,246	(238,452)
General revenues:								
Taxes:								
Property taxes						107,921		107,921
Sales and use taxes						56,991		56,991
Transient occupancy taxes						80,055		80,055
Motor vehicle license fees						1,180		1,180
Other taxes						8,041		8,041
Unrestricted investment earnings						8,667	19,580	28,247
Other						394		394
Transfers						41,141	(41,141)	
Total general revenues and transfers						304,390	(21,561)	282,829
Change in net assets						64,692	(20,315)	44,377
Net assets at beginning of year						750,250	965,234	1,715,484
Net assets at end of year						\$ 814,942	\$944,919	\$1,759,861

The accompanying notes are an integral part of these financial statements.



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Balance Sheet
Governmental Funds
June 30, 2009 (In thousands)

	General	Housing Authority	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 9,902	\$ 1,616	\$ 15,764	\$ 27,282
Investments	34,767	5,675	55,349	95,791
Accounts receivable, net	9,445	38	7,953	17,436
Accrued interest receivable	125	44	426	595
Notes receivable	2,203	20,953	30,107	53,263
Due from other funds	4,647	1,830	24,240	30,717
Due from other governments	10,971	364	31,536	42,871
Inventories	261			261
Land held for resale, net			58,698	58,698
Prepaid and other assets	169		7,652	7,821
Restricted cash and cash equivalents		2,319	31,387	33,706
Restricted investments			36,397	36,397
Total assets	<u>\$72,490</u>	<u>\$32,839</u>	<u>\$299,509</u>	<u>\$404,838</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,610	\$ 595	\$ 9,438	\$ 14,643
Wages payable	4,447	98	475	5,020
Deposits	3,208	194	3,206	6,608
Due to other funds	83		31,015	31,098
Due to other governments	67	2,328		2,395
Deferred revenues	7,816	22,125	61,122	91,063
Total liabilities	<u>20,231</u>	<u>25,340</u>	<u>105,256</u>	<u>150,827</u>
Fund balances:				
Reserved for noncurrent due from other funds	4,100	1,830	10,692	16,622
Reserved for inventories	261			261
Reserved for debt service			65,718	65,718
Reserved for land held for resale			58,698	58,698
Reserved for prepaid and other assets	169		7,652	7,821
Reserved for grant purposes			17,217	17,217
Reserved for development impact projects			20,002	20,002
Unreserved - designated for debt service, reported in:				
Debt Service Funds			4,433	4,433
Unreserved - designated for capital projects, reported in:				
Special Revenue Funds			7,211	7,211
Capital Projects Funds			4,325	4,325
Unreserved - undesignated, reported in:				
General Fund	47,729			47,729
Special Revenue Funds		5,669	5,342	11,011
Capital Projects Funds			(7,037)	(7,037)
Total fund balances	<u>52,259</u>	<u>7,499</u>	<u>194,253</u>	<u>254,011</u>
Total liabilities and fund balances	<u>\$72,490</u>	<u>\$32,839</u>	<u>\$299,509</u>	<u>\$404,838</u>

The accompanying notes are an integral part of these financial statements.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets June 30, 2009 (In thousands)

Total fund balances - governmental funds		\$ 254,011
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in the operation of governmental funds are not current financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	\$ 587,767	
Construction in progress	22,079	
Buildings, structures and improvements	307,080	
Machinery and equipment	46,212	
Infrastructure	712,394	
Accumulated depreciation	(410,880)	
Total capital assets, net		1,264,652
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		83,343
Payment of debt issuance costs use current financial resources in the governmental funds but increases assets in the Statement of Net Assets.		70
Unamortized debt issuance costs are not current financial resources and, therefore, are not reported in the funds.		8,172
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		66,277
Compensated absences, not otherwise included in the internal service funds, are not due and payable in the current period and, therefore, are not reported in the funds.		(241)
Long-term liabilities of governmental funds, including bonds, certificates of participation, notes and loans payable (\$847,169) and accrued interest payable (\$14,173), are not due and payable in the current period and, therefore, are not reported in the funds.		(861,342)
Net assets of governmental activities		<u>\$ 814,942</u>

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2009 (In thousands)

	General	Housing Authority	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 60,128		\$ 52,040	\$112,168
Sales and use taxes	57,449			57,449
Transient occupancy taxes	80,055			80,055
Other taxes	6,451			6,451
Licenses, fees and permits	18,164	\$ 100	2,798	21,062
Intergovernmental revenues	5,586	72,437	79,750	157,773
Charges for services	13,480		147	13,627
Fines, forfeits and penalties	3,409			3,409
Use of money and property	2,765	492	6,036	9,293
Other	750	1,294	8,093	10,137
Total revenues	248,237	74,323	148,864	471,424
Expenditures:				
Current:				
City Council	347			347
City Administration	3,058			3,058
City Attorney	5,443		120	5,563
City Clerk	871			871
Human Resources	1,419			1,419
Finance	4,996		27	5,023
City Treasurer	672			672
Police	106,404		5,653	112,057
Fire	54,500		1,466	55,966
Community Development	1,119	74,167	37,120	112,406
Planning	14,069		1,420	15,489
Public Works	17,138		12,183	29,321
Community Services	32,048		1,524	33,572
Public Utilities	1,507			1,507
Convention, Sports and Entertainment	6,699			6,699
Capital outlay	989	101	51,139	52,229
Debt service:				
Principal retirement	1,386	1,591	13,108	16,085
Interest and fiscal agent charges	67	450	34,313	34,830
Debt issuance costs			70	70
Total expenditures	252,732	76,309	158,143	487,184
Deficiency of revenues under expenditures	(4,495)	(1,986)	(9,279)	(15,760)
Other financing sources (uses):				
Transfers in	53,960	1,217	66,810	121,987
Transfers out	(39,554)	(6)	(36,744)	(76,304)
Issuance of refunding bonds			5,084	5,084
Premium on refunding bonds			94	94
Payment to refunded bond escrow agent			(5,683)	(5,683)
Issuance of notes payable		970		970
Issuance of loan payable			1,799	1,799
Pollution remediation settlement proceeds			3,848	3,848
Total other financing sources	14,406	2,181	35,208	51,795
Net change in fund balances	9,911	195	25,929	36,035
Fund balances at beginning of year	42,348	7,304	168,324	217,976
Fund balances at end of year	\$ 52,259	\$ 7,499	\$194,253	\$254,011

The accompanying notes are an integral part of these financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities **Year Ended June 30, 2009** (In thousands)

Net change in fund balances - total governmental funds	\$ 36,035
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$52,229) exceeded depreciation (\$29,662) in the current period.	22,567
Transfers of capital assets between governmental funds and proprietary funds do not require the use of financial resources and are not reported as transfers in the funds.	3,136
The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements and donations) is to increase net assets.	1,671
Revenues in the Statement of Activities do not provide current financial resources and are not reported as revenues in governmental funds.	9,328
Proceeds from long-term debt (\$7,947), net of debt issuance costs (\$70), provide current financial resources to governmental funds, but the issuing of debt increases long-term liabilities in the Statement of Net Assets.	(7,877)
Payments of principal on long-term debt and to refunded bond escrow agent use current financial resources in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Assets.	21,768
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(7,897)
Recoveries of pollution remediation outlays from other parties reduce associated estimated remediation expenses reported in the Statement of Activities.	(3,848)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The net expense of the internal service funds is reported with governmental activities.	(10,191)
Change in net assets of governmental activities	<u>\$ 64,692</u>

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year Ended June 30, 2009 (In thousands)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 60,792	\$ 59,847	\$ 60,128	\$ 281
Sales and use taxes	67,662	60,365	57,449	(2,916)
Transient occupancy taxes	97,639	80,850	80,055	(795)
Other taxes	7,780	7,780	6,451	(1,329)
Licenses, fees and permits	20,561	20,524	18,164	(2,360)
Intergovernmental revenues	4,549	4,545	5,586	1,041
Charges for services	13,402	13,444	13,480	36
Fines, forfeits and penalties	3,577	3,577	3,409	(168)
Use of money and property	2,186	2,186	2,765	579
Other	862	862	750	(112)
Total revenues	<u>279,010</u>	<u>253,980</u>	<u>248,237</u>	<u>(5,743)</u>
Expenditures:				
City Council	479	479	347	(132)
City Administration	3,530	3,530	3,058	(472)
City Attorney	5,278	5,462	5,443	(19)
City Clerk	964	972	871	(101)
Human Resources	1,340	1,480	1,419	(61)
Finance	5,050	5,070	4,996	(74)
City Treasurer	764	764	672	(92)
Police	113,618	113,806	108,043	(5,763)
Fire	56,196	56,479	54,525	(1,954)
Community Development	911	1,119	1,119	
Planning	15,425	15,844	14,069	(1,775)
Public Works	19,630	19,697	17,465	(2,232)
Community Services	34,600	35,409	32,499	(2,910)
Public Utilities	2,313	2,313	1,507	(806)
Convention, Sports and Entertainment	8,078	8,078	6,699	(1,379)
Total expenditures	<u>268,176</u>	<u>270,502</u>	<u>252,732</u>	<u>(17,770)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,834</u>	<u>(16,522)</u>	<u>(4,495)</u>	<u>12,027</u>
Other financing sources (uses):				
Transfers in	38,166	54,928	53,960	(968)
Transfers out	(52,412)	(40,828)	(39,554)	1,274
Total other financing sources (uses)	<u>(14,246)</u>	<u>14,100</u>	<u>14,406</u>	<u>306</u>
Net change in fund balance	(3,412)	(2,422)	9,911	12,333
Fund balance at beginning of year	42,348	42,348	42,348	
Fund balance at end of year	<u>\$ 38,936</u>	<u>\$ 39,926</u>	<u>\$ 52,259</u>	<u>\$ 12,333</u>

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Housing Authority
Year Ended June 30, 2009 (In thousands)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Licenses, fees and permits	\$ 100	\$ 100	\$ 100	
Intergovernmental revenues	65,976	66,016	72,437	\$6,421
Use of money and property	427	427	492	65
Other	360	360	1,294	934
Total revenues	<u>66,863</u>	<u>66,903</u>	<u>74,323</u>	<u>7,420</u>
Expenditures:				
Community Development	<u>67,577</u>	<u>76,309</u>	<u>76,309</u>	
Total expenditures	<u>67,577</u>	<u>76,309</u>	<u>76,309</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(714)</u>	<u>(9,406)</u>	<u>(1,986)</u>	<u>7,420</u>
Other financing sources (uses):				
Transfers in	1,260	1,300	1,217	(83)
Transfers out			(6)	(6)
Issuance of notes payable	<u>1,250</u>	<u>1,250</u>	<u>970</u>	<u>(280)</u>
Total other financing sources (uses)	<u>2,510</u>	<u>2,550</u>	<u>2,181</u>	<u>(369)</u>
Net change in fund balance	1,796	(6,856)	195	7,051
Fund balance at beginning of year	<u>7,304</u>	<u>7,304</u>	<u>7,304</u>	
Fund balance at end of year	<u>\$ 9,100</u>	<u>\$ 448</u>	<u>\$ 7,499</u>	<u>\$7,051</u>

The accompanying notes are an integral part of these financial statements.

Statement of Fund Net Assets

Proprietary Funds

June 30, 2009 (In thousands)

	Business-type Activities – Enterprise Funds					Governmental Activities – Internal Service Funds
	Electric Utility	Water Utility	Sanitation	Golf Courses	Convention, Sports and Entertainment Venues	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 13,831	\$ 6,951	\$ 6,859	\$ 68	\$ 5,700	\$ 33,409
Investments	48,562	24,405	24,084	239	20,013	117,303
Restricted cash and cash equivalents	20,760	2,074	38,630		746	62,210
Restricted investments	1,638	1,197				2,835
Accounts receivable, net	37,501	6,488	7,115	131	1,508	52,743
Accrued interest receivable	2,584	213	348	1	302	3,448
Interfund receivable	200					200
Inventories	10,101	320			3	10,424
Bond payment receivable					1,682	1,682
Prepaid and other assets	3,767	1,119			1	4,887
Total current assets	138,944	42,767	77,036	439	29,955	289,141
Noncurrent assets:						
Restricted cash and cash equivalents					4,339	4,339
Restricted investments	226,500	16,976			6,490	249,966
Unamortized debt issuance costs	6,769	440	468		1,054	8,731
Bond payment receivable, less current portion					12,225	12,225
Pipeline receivable		210				210
Accounts receivable, less current portion						784
Interfund receivable, less current portion					4,745	4,745
Prepaid and other assets	37,446					37,446
Net other post-employment benefits (OPEB) asset						9,341
Capital assets:						
Land	35,671	2,298	316	1,949	18,135	58,369
Buildings, structures and improvements			67,035	16,577	481,670	565,282
Utility plant	990,160	327,368				1,317,528
Machinery and equipment			3,936	983	22,517	27,436
Construction in progress	35,988	21,342	6,713	58	701	64,802
	1,061,819	351,008	78,000	19,567	523,023	2,033,417
Less accumulated depreciation	(284,690)	(92,552)	(5,791)	(8,340)	(176,931)	(568,304)
Capital assets, net	777,129	258,456	72,209	11,227	346,092	1,465,113
Total noncurrent assets	1,047,844	276,082	72,677	11,227	374,945	1,782,775
Total assets	1,186,788	318,849	149,713	11,666	404,900	2,071,916

(continued)

Statement of Fund Net Assets
Proprietary Funds
June 30, 2009 (In thousands) (continued)

	Business-type Activities – Enterprise Funds						Governmental Activities – Internal Service Funds
	Electric Utility	Water Utility	Sanitation	Golf Courses	Convention, Sports and Entertainment Venues	Total	
LIABILITIES							
Current liabilities (payable from current assets):							
Accounts payable	\$ 13,864	\$ 10,987	\$ 3,504	\$ 187	\$ 760	\$ 29,302	\$ 5,978
Wages payable	838	277	119	19	511	1,764	3,902
Interest payable					1,678	1,678	22
Compensated absences							18,454
Long-term obligations	3,999		775		6,205	10,979	9,196
Unearned revenue					325	325	974
Deposits	3,760	846	583	10	2,242	7,441	
Interfund payable				548		548	
Regulatory credits	54,475	7,157				61,632	
Total current liabilities (payable from current assets)	76,936	19,267	4,981	764	11,721	113,669	38,526
Current liabilities (payable from restricted assets):							
Accounts payable	1,151		1,021			2,172	
Wages payable	29		30			59	
Interest payable	8,189	817	926			9,932	
Arbitrage rebate liability	1,033	2				1,035	
Long-term obligations	11,996	2,452				14,448	
Total current liabilities (payable from restricted assets)	22,398	3,271	1,977			27,646	
Total current liabilities	99,334	22,538	6,958	764	11,721	141,315	38,526
Noncurrent liabilities:							
Interfund payable, less current portion				4,099		4,099	
Long-term obligations, less current portion	650,251	64,141	48,300		91,887	854,579	26,600
Provision for decommissioning costs	117,085					117,085	
Total noncurrent liabilities	767,336	64,141	48,300	4,099	91,887	975,763	26,600
Total liabilities	866,670	86,679	55,258	4,863	103,608	1,117,078	65,126
FUND NET ASSETS							
Invested in capital assets, net of related debt	209,902	207,826	51,411	11,227	273,791	754,157	24,715
Restricted for:							
Debt service	11,687	1,530				13,217	
Capital projects	14,781	2,585	4,307		7,000	28,673	
Other purposes	3,603					3,603	
Net other post-employment benefits (OPEB) asset							9,341
Unrestricted	80,145	20,229	38,737	(4,424)	20,501	155,188	22,302
Total fund net assets	\$ 320,118	\$ 232,170	\$ 94,455	\$ 6,803	\$ 301,292	954,838	\$ 56,358
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(9,919)	
Net assets of business-type activities						\$ 944,919	

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2009 (In thousands)

	Business-type Activities – Enterprise Funds					Governmental Activities – Internal Service Funds
	Electric Utility	Water Utility	Sanitation	Golf Courses	Convention, Sports and Entertainment Venues	Total
Operating revenues:						
Sales of light and power	\$335,582					\$335,582
Transmission revenues	25,717					25,717
Sales of water		\$ 49,985				49,985
Solid waste collection fees			\$40,072			40,072
Wastewater fees			10,913			10,913
Street cleaning fees			3,147			3,147
Green fees and cart rentals				\$ 5,228		5,228
Facilities rental					\$ 21,141	21,141
Concession fees				191	4,508	4,699
Other	4,227	822	1,292	215	1,338	7,894
Total operating revenues	365,526	50,807	55,424	5,634	26,987	504,378
Operating expenses:						
Cost of purchased power	229,595					229,595
Fuel and generation of power	25,763					25,763
Cost of purchased water		22,558				22,558
Treatment and pumping of water		6,747				6,747
Maintenance, operations and administration	44,911	10,818	49,308	3,700	26,385	135,122
Insurance premiums and claims						37,556
Compensated absences and other benefits						7,814
Depreciation and amortization	30,692	6,918	1,342	641	12,437	107,453
Total operating expenses	330,961	47,041	50,650	4,341	38,822	7,241
Operating income (loss)	34,565	3,766	4,774	1,293	(11,835)	160,064
Nonoperating income (expenses):						
Intergovernmental revenues	27	14	76			117
Interest income	13,363	2,218	2,136	1	1,862	19,580
Debt service recovery					848	848
Interest expense	(27,027)	(1,612)	(1,866)	(141)	(6,457)	(37,103)
Loss from disposal of capital assets			(5)		(85)	(90)
Cost of capital asset moved to governmental funds	(3,581)					(3,581)
Total nonoperating income (expenses)	(17,218)	620	341	(140)	(3,832)	(20,229)
Income (loss) before contributions and transfers	17,347	4,386	5,115	1,153	(15,667)	12,334
Capital contributions	5,257	1,199			684	7,140
Transfers in	2,318	407	473	5	5,521	8,724
Transfers out	(33,195)	(6,126)	(6,107)	(1,300)		(46,728)
Change in fund net assets	(8,273)	(134)	(519)	(142)	(9,462)	(18,530)
Fund net assets at beginning of year	328,391	232,304	94,974	6,945	310,754	68,334
Fund net assets at end of year	\$320,118	\$232,170	\$94,455	\$ 6,803	\$301,292	\$ 56,358
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(1,785)
Change in net assets of business-type activities						\$ (20,315)

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2009 (In thousands)

	Business-type Activities – Enterprise Funds						Governmental Activities – Internal Service Funds
	Electric Utility	Water Utility	Sanitation	Golf Courses	Convention, Sports and Entertainment Venues	Total	
Cash flows from operating activities:							
Receipts from customers and users	\$ 354,128	\$ 49,881	\$ 53,698	\$ 5,471	\$ 27,078	\$ 490,256	
Receipts from interfund services provided	2,258	248	10			2,516	\$ 152,671
Payments to suppliers	(278,359)	(27,251)	(39,901)	(3,061)	(8,268)	(356,840)	(21,875)
Payments for salaries, wages and other benefits	(36,370)	(11,503)	(6,094)	(571)	(16,163)	(70,701)	(118,119)
Payments for interfund services used	(9,974)	(4,516)	(3,351)	(196)	(2,429)	(20,466)	(3,292)
Payments for insurance premiums and claims							(5,814)
Other receipts			1,282	215		1,497	459
Net cash provided by operating activities	31,683	6,859	5,644	1,858	218	46,262	4,030
Cash flows from noncapital financing activities:							
Receipt of interfund balances	729				5,419	6,148	
Payment of interfund balances							(13)
Transfers in	973	407	473	5	5,521	7,379	275
Transfers out	(33,195)	(4,781)	(6,107)	(1,300)		(45,383)	(7,954)
Operating grant receipts	27	14	76			117	
Net cash provided by (used in) noncapital financing activities	(31,466)	(4,360)	(5,558)	(1,295)	10,940	(31,739)	(7,692)
Cash flows from capital and related financing activities:							
Proceeds from sale of capital assets							293
Capital contributions	1,882					1,882	
Capital purchases	(49,164)	(29,812)	(9,635)	(311)	(3,425)	(92,347)	(5,103)
Proceeds of borrowing, net of premium	71,089	48,532			46,698	166,319	905
Transfer to escrow agent					(51,248)	(51,248)	(994)
Issuance costs	(740)	(374)			(632)	(1,746)	(12)
Principal payments on long-term debt	(15,370)	(2,370)			(8,611)	(26,351)	(1,420)
Interest payments	(28,845)	(2,355)	(2,224)	(141)	(5,824)	(39,389)	(110)
Debt service recovery					2,413	2,413	
Payment of interfund balances for capital purposes				(407)	(140)	(547)	
Transfers in for capital purposes	590					590	
Transfers out for capital purposes		(590)				(590)	
Net cash provided by (used in) capital and related financing activities	(20,558)	13,031	(11,859)	(859)	(20,769)	(41,014)	(6,441)
Cash flows from investing activities:							
Purchase of investment securities	(227,077)	(80,913)	(21,746)	(55)	(19,128)	(348,919)	(61,915)
Proceeds from sale and maturity of investment securities	214,746	61,973	22,054	219	27,613	326,605	58,503
Interest received	13,256	2,107	2,285	6	2,143	19,797	3,444
Collection of note receivable		24				24	
Net cash provided by (used in) investing activities	925	(16,809)	2,593	170	10,628	(2,493)	32
Increase (decrease) in cash and cash equivalents	(19,416)	(1,279)	(9,180)	(126)	1,017	(28,984)	(10,071)
Cash and cash equivalents at beginning of the year	54,007	10,304	54,669	194	9,768	128,942	28,490
Cash and cash equivalents at end of the year	\$ 34,591	\$ 9,025	\$ 45,489	\$ 68	\$ 10,785	\$ 99,958	\$ 18,419

(continued)

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2009 (In thousands) (continued)

	Business-type Activities – Enterprise Funds						Governmental Activities – Internal Service Funds
	Electric Utility	Water Utility	Sanitation	Golf Courses	Convention, Sports and Entertainment Venues	Total	
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	\$ 34,565	\$ 3,766	\$ 4,774	\$ 1,293	\$(11,835)	\$ 32,563	\$ (6,910)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	30,692	6,918	1,342	641	12,437	52,030	7,241
Increase in provision for decommissioning costs	6,162					6,162	
Changes in assets and liabilities:							
Accounts receivable	8,425	(150)	(327)	50	(568)	7,430	378
Inventories	(1,182)	(36)			3	(1,215)	132
Prepaid and other assets	(4,131)	(1,087)			1	(5,217)	(32)
Accounts payable	(25,377)	(2,056)	(75)	(131)	(557)	(28,196)	1,555
Wages payable	94	32	36	3	78	243	558
Unearned revenues					(6)	(6)	60
Compensated absences, OPEB and self-insurance liabilities							1,048
Deposits	(1,730)	(731)	(106)	2	665	(1,900)	
Regulatory credits	(15,835)	203				(15,632)	
Total adjustments	(2,882)	3,093	870	565	12,053	13,699	10,940
Net cash provided by operating activities	\$ 31,683	\$ 6,859	\$ 5,644	\$ 1,858	\$ 218	\$ 46,262	\$ 4,030
Schedule of noncash investing, capital and noncapital financing activities:							
Capital assets financed through capital leases							\$ 317
Capital contributions	\$ 3,375	\$ 1,199				\$ 4,574	
Transfers out of capital assets	(2,826)	(755)				(3,581)	
Increase in fair value of investments	905	194	\$ 140	\$ 1	\$ 121	1,361	318
Reconciliation of cash and cash equivalents:							
Cash and cash equivalents	\$ 13,831	\$ 6,951	\$ 6,859	\$ 68	\$ 5,700	\$ 33,409	\$ 18,024
Restricted cash and cash equivalents, current portion	20,760	2,074	38,630		746	62,210	
Restricted cash and cash equivalents, noncurrent portion					4,339	4,339	395
Total cash and cash equivalents	\$ 34,591	\$ 9,025	\$ 45,489	\$ 68	\$ 10,785	\$ 99,958	\$ 18,419

The accompanying notes are an integral part of these financial statements.

Statement of Fiduciary Assets and Liabilities
Agency Fund – Mello-Roos
June 30, 2009 (In thousands)

ASSETS

Restricted cash and cash equivalents	\$3,865
Restricted investments	621
Due from other governments	<u>70</u>
Total assets	<u>\$4,556</u>

LIABILITIES

Due to bond holders	<u>\$4,556</u>
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The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

(Amounts in thousands)

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial reporting entity

As defined by U. S. generally accepted accounting principles (GAAP) that are established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present the City of Anaheim (City), the primary government, and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The component units described below are each legally separate from the City, but are so intertwined with the City that they are, in substance, the same as the City. They are reported as part of and accountable to the City and blended into the government-wide and fund financial statements.

Anaheim Housing Authority (Housing Authority) is a separate entity primarily funded by the U.S. Department of Housing and Urban Development to administer funds received under the Federal Housing Assistance Payments program. City Council members, in separate session, serve as the governing board of the Housing Authority, and all accounting and administrative functions are performed by the City. The financial activity of the Housing Authority has been blended into the City's Comprehensive Annual Financial Report (CAFR) in the government-wide governmental activities and in the fund financial statements as the Housing Authority Special Revenue Fund.

Anaheim Redevelopment Agency (Redevelopment Agency) is a separate government entity created to develop and execute plans for improvement, rehabilitation and redevelopment of blighted areas within the City. City Council members, in separate session, serve as the governing board of the Redevelopment Agency, and all accounting and administrative functions are performed by the City. The financial activity of the Redevelopment Agency has been blended into the City's CAFR in the

government-wide governmental activities and in the fund financial statements as the Redevelopment Housing Set-Aside Special Revenue Fund, the Redevelopment Agency Debt Service Fund, and the Redevelopment Agency Capital Projects Fund. For a copy of the Redevelopment Agency's separate financial statements, contact the Finance Director of the City.

Community Center Authority (CCA), a joint powers authority, was created primarily to finance the initial construction of the Anaheim Convention Center. A five-member board appointed by the City Council governs the CCA. The City has entered into a noncancelable long-term lease with the CCA, which provides for lease payments in amounts sufficient to meet the annual debt service requirements on the certificates of participation issued by the CCA to finance the construction of the facility. The lease is a financing arrangement, which transfers the ownership of the facility to the City at the end of the lease term, and the sole activity of the CCA is to provide financing for the City. As such, the financial data for the CCA has been blended into the City's CAFR in the government-wide business-type activities and in the fund financial statements with the City's Convention, Sports and Entertainment Venues Fund, as all activity related to the Anaheim Convention Center is accounted for in this enterprise fund. The capital lease has been eliminated in the financial statements. For a copy of the CCA's separate financial statements, contact the Finance Director of the City.

Anaheim Public Improvement Corporation (APIC), a non-profit corporation, was created primarily to finance several construction projects in the City. City Council members, in separate session, serve as the governing board of APIC. The City has entered into noncancelable long-term leases with APIC, which provide for lease payments in amounts sufficient to meet the annual debt service requirements on the certificates of participation issued by APIC to finance these construction projects. The leases are financing arrangements, which transfer ownership of the constructed assets to the City at the end of the lease terms. The financial data of APIC has been blended into various governmental and business-type activities and funds of the City as applicable, and the capital leases have been eliminated.

Anaheim Public Financing Authority (Authority), a joint powers authority, was established as a vehicle to reduce local borrowing costs and promote greater use of existing and new financial instruments and mechanisms. City Council members, in separate session, serve as the governing board of the Authority. Financial activity of the Authority has been blended into the City's CAFR into various governmental and business-type activities and funds of the City as applicable.

The City is a participant in three joint ventures and jointly-owned properties (see note 11), which are not considered part of the financial reporting entity, as the City does not have significant equity interests in the joint ventures and jointly-owned properties.

Basic financial statements

In accordance with GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the City and its component units as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements, except for interfund services provided and used. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements. The “doubling up” effect of internal service fund activity has been eliminated from the government-wide financial statements with the expenses shown in the various functions and programs on the Statement of Activities.

The government-wide Statement of Net Assets reports all financial and capital resources of the City (excluding fiduciary funds). It is displayed in a format of assets less liabilities equal net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt represents capital assets net of accumulated depreciation which is reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses for administrative overhead are allocated among the functions and programs using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other nonmajor funds, as well as the internal service funds, are combined in a single column on the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Housing Authority Special Revenue Fund accounts for the providing of housing assistance to low and moderate-income families in the Anaheim area. Financing is provided primarily from Federal Section 8, U.S. Department of Housing and Urban Development (HUD) receipts.

The City reports the following major enterprise funds:

The Electric Utility Fund accounts for the operation of the City's electric utility, a self-supporting activity, which renders services on a user charge basis to residents and businesses located in Anaheim.

The Water Utility Fund accounts for the operation of the City's water utility, a self-supporting activity, which renders services on a user charge basis to residents and businesses located in Anaheim.

The Sanitation Fund accounts for the operation of the City's solid waste and sanitation program, a self-supporting activity, which provides for the collection and disposal of solid waste, street sweeping, and sanitary sewer cleaning on a user charge basis to residents and businesses located in Anaheim.

The Golf Courses Fund accounts for the operation of the Anaheim Municipal ("Dad Miller") Golf Course and the Anaheim Hills Golf Course, a self-supporting activity that renders services on a user charge basis.

The Convention, Sports and Entertainment Venues Fund accounts for the operations of the Anaheim Convention Center, Angel Stadium of Anaheim, and The Grove of Anaheim. See note 12 for further discussions of the Angel Stadium of Anaheim and The Grove of Anaheim.

The internal service funds, which provide services to the other funds of the City, are presented in a single column in the proprietary funds financial statements. Because the principal users of the internal service funds are the City's governmental activities, the assets and liabilities of the internal service funds are consolidated into the governmental activities column of the government-wide Statement of Net Assets. The costs of the internal service fund services are spread to the appropriate function or program on the government-wide Statement of Activities and the revenues and expenses within the internal service funds are eliminated from the government-wide financial statements to avoid any doubling effect of these revenues and expenses. The City operates five internal service funds:

The General Benefits and Insurance Fund is used to account for employee compensated absences, retirement and health benefits, and self-insurance programs.

The Motorized Equipment Fund is used to account for motorized equipment used by City departments.

The Duplicating and Printing Fund is used to account for central duplicating, printing, and mailing services provided to City departments.

The Information Services Fund is used to account for data processing services provided to City departments.

The Municipal Facilities Maintenance Fund is used to account for office maintenance services and equipment used by City departments.

Measurement focus and basis of accounting

The governmental funds financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues (including motor vehicle license fees), charges for services, fines, forfeits and penalties, and interest.
- Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as an other financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial

statements, but are included in the fund columns in the proprietary funds financial statements. The net costs of the internal service funds are also partially allocated to the business-type activities column on the government-wide financial statements. A reconciliation of the total enterprise funds on the fund financial statements to the business-type activities column on the government-wide financial statements is provided on the face of the fund financial statements.

Enterprise funds account for operations where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and fees. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City has elected for proprietary funds not to apply Financial Accounting Standards Board (FASB) statements issued after November 30, 1989.

The Electric and Water Utility funds follow the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (Electric Utility) and the California Public Utilities Commission (Water Utility). The utilities are not subject to the regulations of these commissions.

Fiduciary funds account for assets held by the City in a trustee or agency capacity on behalf of others and, therefore, are not available to support City programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the City available to support City programs. The City currently maintains an agency fund to account for the monies collected and paid on behalf of the Mello-Roos Districts located in the City.

Cash and investments

The City pools available cash from all funds for the purpose of increasing income through investment activities. Investments in U.S. Treasury obligations and agency

securities and medium term corporate notes are carried at fair value based on quoted market prices. Participating guaranteed investment contracts and flexible repurchase agreements are carried at fair value based on net realizable value. Money market mutual funds are carried at fair value based on the fund's share price. The City's investment in the State of California Local Agency Investment Fund (LAIF) is carried at fair value based on the value of each participating dollar as provided by LAIF. LAIF is authorized by California Government Code (Government Code) Section 16429 under the oversight of the Treasurer of the State of California. Commercial paper, non-participating guaranteed investment contracts and negotiable certificates of deposit are carried at amortized cost (which approximates fair value). Interest income, which includes changes in fair value, on investments is allocated to all funds on the basis of daily cash and investment balances. See note 2 for further discussion.

For purposes of the basic financial statements, the City considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within three months of the date they are acquired. Cash and cash equivalents are included in the City's cash and investments pool and in accounts held by fiscal agents.

Notes receivable

In the government-wide financial statements, notes receivable of \$48,896 includes accrued interest receivable of \$12,631, ranging from 3% to 10% interest per annum, and is net of allowances of \$16,998 for uncollectible accounts at June 30, 2009. Allowances for uncollectible accounts were estimated based on certain assumptions; therefore, actual results could differ from the estimates.

In the governmental funds financial statements, due to the extended period of time over which notes receivable are to be collected and the contingent nature of certain sources of repayment, the City has generally not recorded the related accrued interest and has recorded deferred revenue equal to the outstanding principal balance of the notes receivable.

Inventories

Inventories are stated at average cost. Inventories in the General Fund are recorded as expenditures when used and are reported under the consumption method of accounting.

Prepaid and other assets

Certain payments to vendors such as insurance premiums, prepaid rents and deposits for real property acquisitions reflect costs applicable to future periods and are recorded as prepaid and other assets in both government-wide and fund financial statements. These costs will be recognized in the period when services are received or when City receives title to the real property.

Land held for resale

The Redevelopment Agency has acquired parcels of land as part of their primary purpose to develop or redevelop blighted areas. The Redevelopment Agency records these parcels as land held for resale in their financial records. The properties held for resale are recorded at the lower of cost or estimated net realizable value. At June 30, 2009, land held for resale with a cost of \$98,869 was recorded net of the allowance for decline in value of \$40,171 and totaled \$58,698, with this amount offset by a reservation of fund balance in the governmental funds financial statements.

Restricted assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted on the Statement of Net Assets, Balance Sheet, or Statement of Fund Net Assets, because they are maintained in separate bank accounts and their use is limited by applicable debt covenants. Additionally, resources set aside by the Electric Utility for future decommissioning of its former ownership share of the San Onofre Nuclear Generating Station, Units 2 and 3 (SONGS) and the San Juan Generating Station, Unit 4, are classified as restricted on both the government-wide Statement of Net Assets and proprietary funds Statement of Fund Net Assets.

Capital assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the City), are defined as assets with an initial, individual cost of more than \$5 (\$50 for infrastructure) and an estimated useful life of greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed for proprietary funds. For the year ended

June 30, 2009, business-type activities capitalized net interest costs of \$4,942 in the government-wide and fund financial statements. Total interest expense incurred by the business-type activities (and the enterprise funds on the proprietary funds statements) before capitalization was \$42,045.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	5	to	85 years
Utility plant	5	to	75 years
Machinery and equipment	2	to	40 years
Infrastructure	25	to	75 years

The net book value of capital assets retired or disposed of, net of proceeds, is recorded in net accumulated depreciation in the Electric Utility and Water Utility Funds. In all other cases, these amounts are recorded as gains or losses on disposal of capital assets.

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

Debt costs

Debt issuance costs in the amount of \$16,981 are included in assets at June 30, 2009. Unamortized discounts, consisting of refunding costs of \$21,723 reduced by premiums net of discounts of \$12,495, are reflected in net long-term obligations. Both debt issuance costs and premiums net of discounts are amortized over the life of the related bond issue using the effective interest method. Refunding costs are amortized over the life of the new bond or the life of the old bond, whichever is shorter, using the effective interest method.

Accretion

Accretion is an adjustment of the difference between the price of a bond or certificate of participation (COP) issued at an original discount and the par value of the bond or COP. The accreted value is recognized as it accrues by fiscal year.

Regulatory credits

The Electric Utility's Rates, Rules, and Regulations provide for the Rate Stabilization Account (RSA), formerly referred to as Power Cost Adjustment/Rate Stabilization Account, which contains two components: the Power Cost Adjustment (PCA) that was adopted by City Council on April 1, 2001 and the Environmental Mitigation Adjustment (EMA) that was adopted by the City Council on January 13, 2009. The

PCA mitigates variations in the power supply or fuel costs. The EMA will allow the recovery of environmental mitigation costs, such as greenhouse gas emissions costs, the marginal cost differential between renewable power and traditional fossil fuel based power. The RSA provides the City with operational and billing flexibility to mitigate material fluctuations in the cost of energy, loss of revenues or unplanned costs including unexpected long-term loss of a generating facility, unplanned limits on the ability to transmit energy to the City, or major disasters. The RSA funded by PCA and EMA collections are billed to customers through standard rates.

Since inception, the Electric Utility has collected \$117,454 in regulatory credits related to PCA. As of August 1, 2008, the PCA rate was changed from \$0.0049 to \$0.0099 for all domestic retail customers, excluding residential lifeline customers, and from \$0.0040 to \$0.0065 for all nondomestic retail customers. At June 30, 2009, the liability recorded for regulatory credits related to PCA totaled \$53,954 for the Electric Utility.

Since inception, the Electric Utility has collected \$521 in regulatory credits related to EMA. As of April 20, 2009, the EMA rate was changed to \$0.0050 per kWh for all domestic customers, and zero for all other customers. At June 30, 2009, the liability recorded for regulatory credits related to EMA totaled \$521 for the Electric Utility.

The Water Utility's rates, rules and regulations provide for a water regulatory credit account to reflect variations in the cost of water to the Water Utility and provide more stable retail water-rates to the customers of the City's Water Utility. This stabilization account provides increased flexibility by allowing the Water Utility to maintain financial performance indicators and goals specified in bond covenants. The account is funded through expense reimbursements such as water supply cost refunds received from the Metropolitan Water District and Orange County Water District and other miscellaneous credits and revenue. At June 30, 2009 the liability recorded for regulatory credits totaled \$7,157 for the Water Utility.

Deferred revenues

Deferred revenues arise in governmental funds when revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise, in both governmental and proprietary funds, when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures/expenses (unearned). In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. Deferred revenues in the governmental funds amounted to \$91,063 at June 30, 2009. Of this amount, \$53,263 represents notes receivable that did not meet the available criterion, \$34,447 represents various other revenues that did not meet the available criterion, and \$3,353 represents resources for which the City did not have legal claim.

Compensated absences

Compensated absences, vacation and sick pay, for all City employees are generally paid by the General Benefits and Insurance Fund, an internal service fund. The General Benefits and Insurance Fund is reimbursed through payroll charges to all other funds based on estimates of benefits to be earned and used during the fiscal year. It is the policy of the City to pay all accumulated vacation pay when an employee retires or terminates. Accumulated sick pay in excess of 175 hours per employee is paid to employees at their then current rate of pay in January each year or upon termination from the City. Employees are paid for all accumulated sick pay when they retire from the City. Vested vacation and sick pay benefits are accrued when incurred in the General Benefits and Insurance Fund and at June 30, 2009, totaled \$18,454 and is included in wages payable in the Statement of Net Assets. Also included in wages payable in the Statement of Net Assets at June 30, 2009, is compensatory time liability of \$241.

Changes in the City's compensated absences liability in fiscal year 2009 were as follows:

Compensated absences liability at beginning of year	\$ 17,378
Current year estimated compensated absences benefits earned	21,775
Current year compensated absences used	(20,458)
Compensated absences liability at end of year	<u>\$ 18,695</u>

The compensated absences liability is expected to be liquidated during the next fiscal year and is considered a current liability in the financial statements.

Nuclear fuel and decommissioning costs

Federal regulations require the Electric Utility to provide for the future decommissioning costs of its former ownership share of SONGS. The Electric Utility has established a provision for decommissioning costs of SONGS and restoration of the beachfront at San Onofre, California where it is located. The Electric Utility funds the reserve and recognizes this expense over the remaining useful life of the generating plant. A separate irrevocable trust account has been established for prior and future amounts funded and these amounts are classified as restricted assets in the accompanying balance sheets. At June 30, 2009, the provision for decommissioning costs totaled \$114,885. For the year ended June 30, 2009, the Electric Utility has recorded decommissioning costs incurred for SONGS in the amount of \$5,722, which is included in the fuel and generation component in operating expenses.

The City sold its ownership share in SONGS to Southern California Edison (SCE) on December 29, 2006. The Electric Utility's decision to divest SONGS was largely based on the need for operating flexibility to provide both peak and base load power, ongoing

cost concerns for environmental disposal of nuclear waste and marine mitigation, as well as escalating decommissioning costs. See note 11 for further discussion.

The California Public Utilities Commission approved a cost estimate by SCE for the decommissioning costs of SONGS. The Electric Utility currently has \$114,885 in irrevocable trust for the decommissioning costs with an assumed rate of return of 4% per year. At June 30, 2009, SCE's future cost estimate for the Electric Utility's share of decommissioning costs is \$104,649. Based on an assumed 4% rate of return, it is estimated that the Electric Utility's current reserve of \$114,885 will grow to \$191,291 by 2022, which exceeds SCE's future cost estimate of \$147,170. Based on these estimates the Electric Utility does not expect that it will need to further fund the provision for decommissioning costs with cash contributions for SONGS.

The Electric Utility has a 10.04% ownership interest of the San Juan Generating Station, Unit 4 (SJ). The Electric Utility is providing for the future demolition and reclamation costs of its ownership share of SJ. As of June 30, 2009, the Electric Utility has recorded a provision for decommissioning costs for SJ of \$2,200. For the year ended June 30, 2009 the Electric Utility has recorded decommissioning costs incurred for SJ of \$440 in operating expenses. Based on the cost projections, the Electric Utility has estimated \$440 in costs per year until 2027 to fund this obligation.

Pension plan

Full-time City employees are members of the State of California Public Employees' Retirement System (System). The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually as of July 1 by the System's actuary. See note 10 for further discussion.

Net assets restricted by enabling legislation

The government-wide Statement of Net Assets reports \$154,306 of governmental activities restricted net assets, of which \$86,806 is restricted by enabling legislation.

Fund balances

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The accumulated deficit fund balances at June 30, 2009, for Gas Tax and Roads, Workforce Development and Community Development Block Grant funds included in nonmajor governmental funds in the amount of \$5,747, \$255, and \$156 respectively, will be eliminated in future years by the receipt of reimbursements for expenditures.

Budgetary principles

The City is required by its charter to adopt an annual budget on or before June 30 for the ensuing fiscal year. The General, special revenue, debt service, and capital projects governmental fund types and proprietary fund types have legally adopted budgets approved by City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level. From the effective date of the budget, the amounts stated herein as proposed expenditures/expenses become appropriations to the various City departments. Throughout the fiscal year the budget was amended to add supplemental appropriations. All amendments to the budget which change the total appropriation amount for any department require City Council approval and all increases in appropriations must be accompanied by an increase in revenue sources of a like amount to maintain a balanced budget. The City Manager has the authority to change individual budget line items within a department as long as the total department's appropriation amount is not changed.

The City utilizes an encumbrance system as a management control technique to assist in controlling expenditures. All appropriations lapse at the end of the fiscal year, except for capital projects (other than the Redevelopment Agency Capital Projects Fund), which are carried forward until such time as the project is completed or terminated and for encumbered balances that are re-appropriated in the next year.

GASB Statement No. 34 requires that budgetary comparison statements for the General Fund and major special revenue funds be presented in the basic financial statements. These statements must display original budget, amended budget and actual results.

Budgeted revenue amounts represent the original budget modified by City Council authorized adjustments during the year, which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Budgets are generally prepared in conformity with GAAP using the modified accrual basis of accounting, with the exception of capital leases, or other similar debt instruments, and land held for resale, which are budgeted on a cash basis.

Property taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments due on November 1 and February 1 and become delinquent after December 10 and April 10. The County of Orange, California (County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they result in current receivables collectable within 60 days after year-end. See note 8 for discussion of pledged property tax revenues.

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year from the full market value at the time of purchase. The City receives a share of this basic levy proportionate to what it received in the 1976 and 1978 periods.

Entitlements, shared revenues and grants

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized in the fund financial statements as revenue when the qualifying expenditures have been incurred, all eligibility requirements have been met, and reimbursement is received within the availability period.

Revenue recognition for Electric Utility, Water Utility, and Sanitation Funds

Revenue is recorded in the period in which services are provided. Residential and smaller commercial customers are billed bimonthly and all other customers monthly. At June 30, 2009 unbilled but earned service charges recorded in accounts receivable for the Electric Utility, Water Utility, and Sanitation Funds amounted to \$16,298, \$3,825, and \$3,707, respectively. See note 7 for discussion of pledged revenues.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. As such, actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS:

The City maintains a cash and investment pool, which includes the cash balances of all funds, and is invested by the City Treasurer to enhance interest earnings. The pooled interest earned, net of administrative fees, is reallocated to each fund based on average daily cash balances.

The City's pooled investment fund has been reviewed by Standard and Poor's Corporation and received a credit rating of AAAf in July 2008.

The City's investment policy further limits the permitted investments in Government Code Sections 53600 et al, 16429.1 and 53684 to the following: obligations of the United States government, federal agencies, and government sponsored enterprises;

medium-term corporate notes; certificates of deposit; bankers' acceptances; commercial paper rated A-1 by S&P, P-1 by Moody's Investors Service (Moody's) or F-1 by Fitch Ratings (Fitch); LAIF; repurchase agreements; reverse repurchase agreements; and money market mutual funds.

Deposits and investments are comprised of the following at June 30, 2009:

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Restricted Investments	Total
Governmental activities:					
General Fund	\$ 9,902	\$ 34,767			\$ 44,669
Housing Authority	1,616	5,675	\$ 2,319		9,610
Nonmajor governmental funds	15,764	55,349	31,387	\$ 36,397	138,897
Internal service funds	18,024	63,284	395		81,703
Total governmental activities	45,306	159,075	34,101	36,397	274,879
Business-type activities:					
Electric Utility	13,831	48,562	20,760	228,138	311,291
Water Utility	6,951	24,405	2,074	18,173	51,603
Sanitation	6,859	24,084	38,630		69,573
Golf Courses	68	239			307
Convention, Sports and Entertainment Venues	5,700	20,013	5,085	6,490	37,288
Total business-type activities	33,409	117,303	66,549	252,801	470,062
Government-wide total	78,715	276,378	100,650	289,198	744,941
Fiduciary fund			3,865	621	4,486
Total cash and investments	\$78,715	\$276,378	\$104,515	\$289,819	\$749,427

Deposits at June 30, 2009, consist of bank balances of \$7,568 that were maintained in various federally regulated financial institutions. The bank balances, with no carrying value at June 30, 2009, represents deposits in transit, outstanding checks, and other reconciling items. Deposits with bank balances of \$371 are insured by the Federal Depository Insurance Corporation. For deposits with bank balances totaling \$7,197, California state statutes require federally regulated financial institutions to secure a city's deposits by pledging collateral consisting of either government securities with a value of 110% of a city's total deposits or by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits. The collateral is required by regulation to be held by the counterparty's agent in the name of the City.

Investments

The City Treasurer prepares an investment policy statement annually, which is presented to the Investment Advisory Commission for review and the City Council for approval. The approved investment policy statement is submitted to the California Debt and Investment Advisory Committee in accordance with Government Code.

The policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal and to meet daily cash flow needs while providing a return. All investments are made in accordance with the Government Code and, in general, the City Treasurer's policy is more restrictive than Government Code.

Investments authorized by the Government Code and the City's investment policy

The following table identifies the investment types that are authorized for the City by its investment policy which is more restrictive than Government Code. The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the Government Codes or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Investment in One Issue(r)</u>
U.S. Treasury obligations	5 years	100%	30%
U.S. agency securities	5 years	100%	40%
Banker's acceptances	180 days	40%	5%
Commercial paper	270 days	25%	5%
Negotiable certificates of deposit	360 days	25%	5%
Repurchase agreements	360 days	30%	None
Reverse repurchase agreements	90 days	20%	None
Medium term corporate notes	5 years	30%	5%
Money market mutual funds	N/A	20%	10%
LAIF	N/A	\$80 million	None
Time certificates of deposit (TCD)	1 year	20%	5%

*Excluding amounts held by bond trustees that are not subject to Government Code restrictions

At June 30, 2009 the City exceeded five percent concentration in the following U.S. agency securities: Federal Farm Credit Bank \$53,216 (13%), Federal Home Loan Bank \$58,138 (14%), Federal Home Loan Mortgage Corporation \$77,875 (19%) and Federal National Mortgage Association \$92,289 (23%).

Investments authorized by debt agreements

Investment of debt proceeds held by bond trustees is governed by provisions of the debt agreements, rather than the general provisions of the Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain

provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligation	None	None	None
U.S. Agency securities	None	None	None
Guaranteed investment contracts	None	None	None
Collateralized investment contracts	None	None	None
Flexible repurchase agreements	None	None	None
Money market mutual funds	None	None	None
LAIF	None	None	None

At June 30, 2009, the investments controlled by bond trustees exceeded five percent concentration in the following U.S. agency securities, guaranteed investment contracts, flexible repurchase agreements and money market mutual funds: Federal Home Loan Bank \$39,819 (12%), Federal Home Loan Mortgage Corporation \$22,472 (7%), Federal Farm Credit Bank \$35,838 (11%), Bank of America \$16,645 (5%), Trinity Plus \$44,311 (13%) and Morgan Stanley \$30,605 (9%). All guaranteed investment contracts have downgrade language that requires collateral should credit ratings drop below certain levels.

Custodial credit risk

Custodial credit risk for investments is the risk that the City will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the City with the exception of LAIF and money market mutual funds are deposited in trust for safekeeping with a custodial bank different from the City's primary bank. Securities are not held in broker accounts. Funds held by LAIF and money market mutual funds are held in the City's name.

Custodial credit risk for investments held by bond trustees is the risk that the City will not be able to recover the value of investment securities that are in the possession of an outside party. All securities held by bond trustees are in the name of the bond issue in trust for safekeeping with the bond trustee, which is different from the City's primary bank.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City Treasurer mitigates this risk by investing in longer-term securities only with funds that are not needed for current cash flow purposes and holding these securities to maturity. The City Treasurer uses the segmented time distribution method to identify and manage interest rate risk. In accordance with the

City investment policy, the City Treasurer monitors the segmented time distribution of its investment portfolio and analysis of cash flow demand.

Investments held by bond trustees are typically long-term securities which are not adversely affected by interest rate changes. Guaranteed investment contracts for construction funds are usually limited to three years or less. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity at June 30, 2009:

Investments	Credit Rating	Fair Value 6/30/2009	12 Months or Less	13 to 24 Months	25 to 36 Months	37 to 60 Months	More Than 60 Months
Investments controlled by City Treasurer:							
U.S. agency securities	AAA	\$281,518	\$ 12,068	\$ 68,727	\$105,380	\$ 95,343	
Medium term corporate notes	A1-A+	34,531	13,204	8,522		12,805	
Commercial paper	P1-A1+	17,998	17,998				
Money market mutual funds	AAA	73,893	73,893				
LAIF	Unrated	1,019	1,019				
Total investments controlled by City Treasurer		<u>408,959</u>	<u>118,182</u>	<u>77,249</u>	<u>105,380</u>	<u>108,148</u>	
Investments controlled by bond trustees:							
U.S. Treasury obligations	Exempt	291	291				
U.S. agency securities	AAA	113,762		2,088	24,718	86,956	
Guaranteed investment contracts	Unrated	80,186	9,227	44,311			\$26,648
Collateralized investment contracts	Unrated	7,084					7,084
Flexible repurchase agreements	Unrated	48,656			9,066		39,590
Money market mutual funds	AAA	52,787	52,787				
LAIF	Unrated	37,702	37,702				
Total investments controlled by bond trustees		<u>340,468</u>	<u>100,007</u>	<u>46,399</u>	<u>33,784</u>	<u>86,956</u>	<u>73,322</u>
Total investments		<u>\$749,427</u>	<u>\$218,189</u>	<u>\$123,648</u>	<u>\$139,164</u>	<u>\$195,104</u>	<u>\$73,322</u>

NOTE 3 – ACCOUNTS RECEIVABLE, DUE FROM OTHER GOVERNMENTS, INTERFUND RECEIVABLE AND PAYABLE BALANCES, AND CERTAIN INTERFUND TRANSACTIONS:

Accounts receivable

Accounts receivable for the City's governmental and business-type activities, including the applicable allowance for uncollectible accounts at June 30, 2009, are as follows:

	Accounts Receivable	Less: Allowance for Uncollectibles	Total
Governmental activities:			
General Fund	\$12,233	\$(2,788)	\$ 9,445
Housing Authority	58	(20)	38
Nonmajor governmental funds	7,957	(4)	7,953
Internal service funds	2,995		2,995
Total governmental activities	<u>23,243</u>	<u>(2,812)</u>	<u>20,431</u>
Business-type activities:			
Electric Utility	37,852	(351)	37,501
Water Utility	6,522	(34)	6,488
Sanitation	7,219	(104)	7,115
Golf Courses	131		131
Convention, Sports and Entertainment Venues	1,534	(26)	1,508
Total business-type activities	<u>53,258</u>	<u>(515)</u>	<u>52,743</u>
Total accounts receivable	<u>\$76,501</u>	<u>\$(3,327)</u>	<u>\$73,174</u>

Due from other governments

Due from other governments for the City's governmental activities at June 30, 2009, are as follows:

	Taxes	Grants	Other	Total
Governmental activities:				
General Fund	\$10,050	\$ 417	\$504	\$10,971
Housing Authority		364		364
Nonmajor governmental funds	415	31,022	99	31,536
Total due from other governments	<u>\$10,465</u>	<u>\$31,803</u>	<u>\$603</u>	<u>\$42,871</u>

Revenues are reported net of estimate uncollectible amounts. Total estimated uncollectible amounts related to revenues of the current period are as follows:

General Fund	\$ 446
Electric Utility	745
Water Utility	47
Sanitation	224
Others	3
Total	<u>\$1,465</u>

Interfund receivable and payable balances

Net internal balances between governmental activities and business-type activities of \$9,621 are included in the government-wide financial statements at June 30, 2009.

Interfund receivables and payables that are included in the fund financial statements at June 30, 2009, are as follows:

	Interfund Receivable	Interfund Payable
Governmental funds:		
General Fund	\$ 4,647	\$ 83
Housing Authority	1,830	
Nonmajor governmental funds	<u>24,240</u>	<u>31,015</u>
Total governmental funds	<u>30,717</u>	<u>31,098</u>
Enterprise funds:		
Electric Utility	200	
Golf Courses		4,647
Convention, Sports and Entertainment Venues	<u>4,745</u>	<u>4,647</u>
Total enterprise funds	<u>4,945</u>	<u>4,647</u>
Internal service funds	83	
Total	<u>\$35,745</u>	<u>\$35,745</u>

Certain interfund balances at June 30, 2009 are generally short-term loans to cover temporary cash deficits in various funds. The following interfund balances are expected to be repaid in more than one year:

General Fund

Of the total interfund receivable in the General Fund, \$4,647 is due from the Golf Courses Fund. On September 24, 2002, the City Council approved a loan up to \$6,400 from the General Fund to the Golf Courses Fund for construction of the Anaheim Hills Golf Clubhouse. The loan is payable in annual amounts of not less than \$548 beginning in July 2005 until July 2023 and bears interest at the City's investment yield as of June 30th of each year.

Housing Authority

The total interfund receivable in the Housing Authority Special Revenue Fund, \$1,830, is due from nonmajor governmental funds (Redevelopment Agency Capital Projects Fund). On July 17, 2007, the Housing Authority entered into an agreement with the Redevelopment Agency to transfer parcels located at 413 and 435 South Anaheim Boulevard in the amount of \$2,830 for the proposed development of a for sale-condominium project. The Redevelopment Agency paid \$1,000 in June 2008 and will make four annual installments beginning in fiscal year 2011.

Nonmajor Governmental Funds

Of the interfund receivable in the nonmajor governmental funds, \$9,094 is due to the Other Capital Improvements Capital Projects Fund from nonmajor government funds (Redevelopment Agency Capital Projects Fund). The Redevelopment Agency entered into a Cooperation Agreement with the City on April 1, 2003 whereby the City will assist the Redevelopment Agency with the development of Westgate utilizing \$10,000 of funds from the HUD Section 108 loan program. The Redevelopment Agency is obligated to pay the City for the

repayment of the HUD 108 loan from property tax increment and certain project revenues generated by Westgate.

Of the interfund receivable in the nonmajor governmental funds, \$1,780 is due to the Redevelopment Agency Capital Projects Fund from nonmajor governmental funds (Other Capital Improvements Capital Projects Fund). On March 15, 1999, the Redevelopment Agency entered into a Cooperation Agreement with the City where the Redevelopment Agency and the City will share in the cost of the West Lincoln Avenue Street improvement project. The Agreement also provides that the Redevelopment Agency will receive transportation fee credits in the amount of its contribution to the project.

Convention, Sports and Entertainment Venues Fund

The interfund receivable of \$4,745 in the Convention, Sports and Entertainment Venues Fund is due from nonmajor governmental funds (Redevelopment Agency Capital Projects Fund). The City entered into a Cooperation Agreement with the Redevelopment Agency on May 14, 1996, for the renovation of the Angel Stadium of Anaheim. The Redevelopment Agency agreed to reimburse the City for \$10,000 of renovation costs plus 5% simple interest on the unpaid balance. The Redevelopment Agency's reimbursement obligation is payable from the Stadium Project Area (SPA) property tax increment revenue. Any outstanding balance ceases to be an obligation of the Redevelopment Agency on August 9, 2039, the expiration of the SPA. It is expected that the balance will be repaid prior to the expiration of the SPA.

Certain interfund transactions

The net transfers of \$41,141 from the business-type activities to the governmental activities on the government-wide Statement of Activities are primarily comprised of operational subsidies from business-type activities to the General Fund offset by debt service subsidies to the Convention, Sports and Entertainment Venues Fund. The operational subsidies from the Electric Utility, Water Utility and Sanitation business-type activities to the General Fund reflects a one-time increase of \$14,910, \$2,084, and \$2,425, respectively, to change the timing of the transfers to match the current year revenue base, whereas the transfers were previously recognized in the subsequent year. Additionally, \$7,954 in surplus funds were rebated from the governmental activities internal service funds to those originally charged, of which \$2,069 related to business-type activities. Finally, this amount is increased by the transfer of Energy Field Park capital assets located at the Hermosa Village Community with a net book value of \$3,581 from the business-type activities to governmental activities and are included in the nonoperating expense of the Electric Utility Enterprise Fund; and the transfer of equipment capital assets with a net book value of \$444 from the governmental activities to business-type activities and are included in the capital contribution in the Electric Utility and Convention, Sports and Entertainment Venue Funds.

The following interfund transfers are reflected in the fund financial statements at June 30, 2009:

	Transfers In	Transfers Out
Governmental funds:		
General Fund	\$ 53,960	\$ 39,554
Housing Authority	1,217	6
Nonmajor governmental funds	66,810	36,744
Total governmental funds	<u>121,987</u>	<u>76,304</u>
Enterprise funds:		
Electric Utility	2,318	33,195
Water Utility	407	6,126
Sanitation	473	6,107
Golf Courses	5	1,300
Convention, Sports and Entertainment Venues	5,521	
Total enterprise funds	<u>8,724</u>	<u>46,728</u>
Internal service funds	275	7,954
Total	<u>\$130,986</u>	<u>\$130,986</u>

The interfund transfers generally are made for the purpose of debt service payments made from a debt service fund but funded from an operating fund or subsidy transfers. Except for the increased operating subsidies from utility operations, internal service fund rebates and the transferred capital assets detailed previously, there were no other significant transfers during the fiscal year that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

NOTE 4 – BOND PAYMENT RECEIVABLE:

On August 3, 1995, the Los Angeles Rams Football Company, currently the St. Louis Rams (Rams), exercised its right to terminate its lease under the Fourth Amendment to the Exhibition Agreement between the Rams and the City (Rams Agreement). Under the Rams Agreement, the Rams became obligated to repay the City for the debt service on the 1979 Anaheim (California) Stadium Inc. Lease Revenue Bonds in the principal amount of \$28,110, which obligation is supported by an irrevocable standby letter of credit with Dresdner Bank AG, will be repaid by August 15, 2015. The 1979 Anaheim (California) Stadium Inc. Lease Revenue Bonds were subsequently refunded, and are no longer outstanding, by a portion of the Convention, Sports and Entertainment Venues Fund 1993 Refunding Projects Certificates of Participation. At June 30, 2009, there remained principal outstanding of \$13,907 on that portion of the Convention, Sports and Entertainment Venues Fund 1993 Refunding Projects Certificates of Participation. During fiscal year 2009, the Rams reimbursed the City \$2,413 (representing \$1,565 for principal and \$848 for interest) for the current portion of their debt service obligation. The City accounted for the termination of the lease by recording a bond payment receivable from the Rams and a contribution to the Convention, Sports and Entertainment Venues Enterprise Fund in the amount of the debt obligation assumed by the Rams under the Rams Agreement.

NOTE 5 – CAPITAL ASSETS:

Capital asset activities for the year ended June 30, 2009, were as follows:

	Beginning Balance	Additions	Transfers In (Out)	Deletions	Ending Balance
Governmental activities:					
Nondepreciable assets:					
Land	\$ 567,266	\$ 20,501			\$ 587,767
Construction in progress	38,348	26,528	\$ (42,604)	\$ (193)	22,079
Total	<u>605,614</u>	<u>47,029</u>	<u>(42,604)</u>	<u>(193)</u>	<u>609,846</u>
Depreciable assets:					
Buildings, structures and improvements	287,072	2,543	24,276	(132)	313,759
Machinery and equipment	110,304	8,766	799	(6,707)	113,162
Infrastructure	690,540	1,264	20,590		712,394
Total	<u>1,087,916</u>	<u>12,573</u>	<u>45,665</u>	<u>(6,839)</u>	<u>1,139,315</u>
Total assets	<u>1,693,530</u>	<u>59,602</u>	<u>3,061</u>	<u>(7,032)</u>	<u>1,749,161</u>
Less accumulated depreciation for:					
Buildings, structures and improvements	(97,574)	(7,598)		129	(105,043)
Machinery and equipment	(61,544)	(13,060)		6,202	(68,402)
Infrastructure	(268,699)	(16,245)			(284,944)
Total accumulated depreciation	<u>(427,817)</u>	<u>(36,903)</u>		<u>6,331</u>	<u>(458,389)</u>
Total governmental activities capital assets, net	<u>\$1,265,713</u>	<u>\$ 22,699</u>	<u>\$ 3,061</u>	<u>\$ (701)</u>	<u>\$1,290,772</u>
Business-type activities:					
Nondepreciable assets:					
Land	\$ 57,539		\$ 830		\$ 58,369
Construction in progress	132,506	\$ 93,855	(161,473)	\$ (86)	64,802
Total	<u>190,045</u>	<u>93,855</u>	<u>(160,643)</u>	<u>(86)</u>	<u>123,171</u>
Depreciable assets:					
Buildings, structures and improvements	555,411	1,486	8,505	(120)	565,282
Utility plant	1,174,516	4,678	148,907	(10,573)	1,317,528
Machinery and equipment	26,108	2,330	170	(1,172)	27,436
Total	<u>1,756,035</u>	<u>8,494</u>	<u>157,582</u>	<u>(11,865)</u>	<u>1,910,246</u>
Total assets	<u>1,946,080</u>	<u>102,349</u>	<u>(3,061)</u>	<u>(11,951)</u>	<u>2,033,417</u>
Less accumulated depreciation for:					
Buildings, structures and improvements	(161,493)	(12,368)		71	(173,790)
Utility plant	(349,912)	(37,610)		10,280	(377,242)
Machinery and equipment	(16,349)	(2,052)		1,129	(17,272)
Total accumulated depreciation	<u>(527,754)</u>	<u>(52,030)</u>		<u>11,480</u>	<u>(568,304)</u>
Total business-type activities capital assets, net	<u>\$1,418,326</u>	<u>\$ 50,319</u>	<u>\$ (3,061)</u>	<u>\$ (471)</u>	<u>\$1,465,113</u>

Depreciation expense was charged to functions/programs of the City during fiscal year 2009 as follows:

Governmental activities:	
General government	\$ 322
Police	3,528
Fire	525
Community Development	1,871
Planning	140
Public Works	17,141
Community Services	2,767
Convention, Sports and Entertainment	3,368
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	7,241
Total depreciation expense – governmental activities	<u>\$36,903</u>
Business-type activities:	
Electric Utility	\$30,692
Water Utility	6,918
Sanitation	1,342
Golf Courses	641
Convention, Sports and Entertainment Venues	12,437
Total depreciation expense – business-type activities	<u>\$52,030</u>

Capital leases

Included in the capital assets amounts listed above are the following capitalized leased assets:

	Governmental
	Activities
Machinery and equipment	\$ 5,350
Less accumulated amortization	(3,920)
Capitalized leased assets, net	<u>\$ 1,430</u>

Operating leases

Housing Authority

At June 30, 2009, the Housing Authority earned revenues as the lessor of land, carried at cost of \$46,239 in the government-wide financial statements, under five operating ground leases. These leases to developers are noncancelable. Two of the leases are for a term of 55 years, expiring in 2055 and 2057. Three of the leases are for a term of 57 years, expiring in 2060, 2063 and 2064. The total base rent amounts to be collected over the terms of the leases are \$12,400, \$8,700, \$7,505, \$7,900 and \$5,200, respectively, with simple interest accruing on unpaid portions at a rate of 4.0%, 4.5%, 4.0%, 4.0% and 4.0%, respectively. Minimum lease payments are calculated annually, based on residual receipts, as defined in the lease agreements. It is estimated that the full amounts of the leases are collectible. At June 30, 2009, the Housing Authority has recorded notes receivable due from developers related to these transactions of \$8,981 in both the government-wide and fund financial statements.

Redevelopment Agency

At June 30, 2009, the Redevelopment Agency earned revenues as lessor from certain parking structure properties, carried at cost of \$9,564, less accumulated depreciation of \$8,646, under operating leases. The following is a schedule of minimum future rentals on noncancelable operating leases at June 30, 2009:

Fiscal Year Ending June 30	
2010	\$ 271
2011	271
2012	272
2013	273
2014	274
2015-2019	1,391
2020-2024	1,317
2025-2029	1,231
2030-2034	<u>1,231</u>
Total minimum future rentals	<u>\$6,531</u>

NOTE 6 – GENERAL BENEFITS AND INSURANCE FUND:

The General Benefits and Insurance Fund, an internal service fund, is used to account for employee compensated absences, retirement and health benefits, self-insured workers' compensation related benefits, self-insured general liability claims, commercial insurance purchases, and alternative risk financing vehicles. Revenues of the General Benefits and Insurance Fund are derived from charges to City departments using estimates of benefits earned and cost allocation charges established at the beginning of the year and from interest income on reserves.

At June 30, 2009, the City was fully funded for self-insured workers' compensation and general liability claims (self-insured retention levels of \$750 per occurrence for workers' compensation claims and \$1,000 per occurrence for general liability claims). Above these self-insured retention levels, the City's potential liability is covered through various commercial insurance and intergovernmental risk pooling programs (collectively, "Insurance"). Settled claims have not exceeded total insurance coverage in any of the past three years, nor does management believe that there are any pending claims that will exceed total insurance coverage.

The unpaid claims liability included in the General Benefits and Insurance Fund is based on the results of actuarial studies and includes amounts for claims incurred but not reported, known as claim development, and allocated loss adjustment expenses. Claims liabilities are calculated using a discount rate of 4% and consider the effects of inflation, multi-year loss development trends, and other economic and social factors. It is the City's practice to obtain full actuarial studies annually for general liability and workers' compensation coverages. Premiums are charged by the General Benefits and Insurance Fund using various allocation methods that include actual costs, trends in claims experience, exposure base, and number of participants.

Changes in the General Benefits and Insurance Fund's claims liability in fiscal years 2009 and 2008 were as follows:

	2009	2008
Current liability at beginning of year	\$33,925	\$30,897
Current year claims and changes in estimates	4,820	12,104
Claims payments	(4,757)	(9,076)
Claims liability at end of year	<u>\$33,988</u>	<u>\$33,925</u>

Above the self-insured retention of \$750 per occurrence for workers' compensation losses, the City purchases excess coverage, utilizing both commercial insurance and an intergovernmental risk pooling program (CSAC-EIA) to statutory limits.

Above the self-insured retention of \$1,000 per occurrence for liability losses, the City maintains excess coverage for all City operations to \$100,000 per occurrence, excluding helicopter operations for which the City purchases \$50,000, per occurrence, of commercial liability insurance (on a first-dollar basis). The first layer of excess liability loss coverage is procured through the Authority for California Cities Excess Liability (ACCEL), a joint powers insurance authority, formed in 1986, pooling catastrophic general, automobile, personal injury, and public officials errors and omissions liability losses among twelve California cities, through both risk-sharing and commercial insurance joint-purchase arrangements. The City, therefore, continues to maintain some limited excess liability risk sharing exposure, above \$1,000 per occurrence, directly with ACCEL. This pooled coverage has exposure (i) from the run-out periods from prior years in which commercial excess insurance was not obtained, (ii) from an ACCEL retained layer for fiscal year 2009 of \$4,000 in excess of \$1,000. Each ACCEL member's share of pooled losses is based on a retrospectively-rated risk-sharing formula which includes, but is not limited to, exposure and loss experience factors.

In order to provide funds to pay claims, ACCEL collects a deposit from each member. The deposits are credited with investment income at the rate earned on ACCEL's investments. At June 30, 2009, ACCEL's cash and investments totaled \$30,369, of which \$3,627 consists of deposits provided by the City. The City has no specific equity interest in ACCEL. Deposits provided to ACCEL by the City are expensed when paid by the General Benefits and Insurance Fund.

ACCEL is responsible for deciding the risks it will underwrite, monitoring and handling of large claims, and arranging risk-financing programs. ACCEL does not have any debt outstanding. For a copy of ACCEL's separate financial statements, contact the Finance Director of the City.

NOTE 7 – LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2009:

	Beginning Balance	Additions/ Proceeds	Reductions/ Payments	Ending Balance	Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 5,220		\$ (470)	\$ 4,750	\$ 495
City lease revenue	499,852	\$ 5,084	(6,265)	498,671	7,706
Redevelopment Agency	201,680			201,680	
Accretion	94,653	12,017		106,670	
Motorized Equipment		889		889	279
Unamortized bond refunding costs/premium/discount, net	(8,062)	(726)	1,196	(7,592)	
Total	<u>793,343</u>	<u>17,264</u>	<u>(5,539)</u>	<u>805,068</u>	<u>8,480</u>
COPs:					
City COPs	22,202		(8,362)	13,840	850
Motorized Equipment COPs	1,131		(1,131)		
Total	<u>23,333</u>		<u>(9,493)</u>	<u>13,840</u>	<u>850</u>
Capital lease obligations:					
City	517		(276)	241	241
Internal Service Funds	1,836	317	(1,159)	994	536
Total	<u>2,353</u>	<u>317</u>	<u>(1,435)</u>	<u>1,235</u>	<u>777</u>
Notes and loans payable:					
City	11,671	1,799	(1,764)	11,706	961
Redevelopment Agency	13,203		(2,331)	10,872	2,311
Housing Authority	2,664	970	(1,591)	2,043	59
Total	<u>27,538</u>	<u>2,769</u>	<u>(5,686)</u>	<u>24,621</u>	<u>3,331</u>
Self-insurance (note 6)	33,925	4,820	(4,757)	33,988	8,381
Pollution remediation obligation (note 9)		4,213		4,213	1,328
Governmental activities total	<u>880,492</u>	<u>29,383</u>	<u>(26,910)</u>	<u>882,965</u>	<u>23,147</u>
Business-type activities:					
Bonds payable:					
Electric Utility	608,730	70,000	(15,370)	663,360	15,995
Water Utility	7,355	48,580	(1,435)	54,500	1,490
Sanitation	47,710			47,710	775
Convention, Sports and Entertainment Venues	22,860	45,847	(3,215)	65,492	6,205
Unamortized bond refunding costs/premium/discount, net	3,136	(4,818)	327	(1,355)	
Total	<u>689,791</u>	<u>159,609</u>	<u>(19,693)</u>	<u>829,707</u>	<u>24,465</u>
COPs:					
Convention, Sports and Entertainment Venues	88,252		(50,252)	38,000	
Unamortized COP discount	(67)		67		
Total	<u>88,185</u>		<u>(50,185)</u>	<u>38,000</u>	
Notes and loans payable:					
Water Utility	13,515		(935)	12,580	962
Unamortized note discount	(326)		45	(281)	
Total	<u>13,189</u>		<u>(890)</u>	<u>12,299</u>	<u>962</u>
Decommissioning provision	110,923	6,162		117,085	
Business-type activities total	<u>902,088</u>	<u>165,771</u>	<u>(70,768)</u>	<u>997,091</u>	<u>25,427</u>
Government-wide total	<u>\$1,782,580</u>	<u>\$195,154</u>	<u>\$(97,678)</u>	<u>\$1,880,056</u>	<u>\$48,574</u>

GOVERNMENTAL ACTIVITIES:**BONDS PAYABLE**

At June 30, 2009, bonds payable consisted of the following:

	Date Issued	Final Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Out- standing 6/30/09
City					
1993 General Obligation Refunding Bonds	11/01/93	10/01/16	4.0%-7.0%	\$ 10,055	\$ 4,750
1997 Anaheim Lease Revenue Bonds Accretion	2/01/97	3/01/37	4.5%-6.0%	510,427	237,267 106,670
2007 Anaheim Lease Revenue Refunding Bonds	6/13/07	3/01/37	3.25%-5.5%	256,320	256,320
2008 Anaheim Lease Revenue Refunding Bonds	12/10/08	8/01/19	3.0%-5.0%	5,084	5,084
Total					610,091
Unamortized bond refunding costs/premium/discounts, net					(6,091)
Total City bonds					<u>604,000</u>
Redevelopment Agency					
2007 Tax Allocation Refunding Bonds	12/20/07	2/01/31	4.25%-6.5%	201,680	201,680
Unamortized bond refunding costs/premium, net					(1,426)
Total Redevelopment Agency bonds					<u>200,254</u>
Motorized Equipment					
2008 Anaheim Lease Revenue Refunding Bonds	12/20/08	8/01/19	3.0%-5.0%	889	889
Unamortized bond refunding costs/premium, net					(75)
Total Motorized Equipment bonds					<u>814</u>
Total governmental activities bonds				<u>\$984,455</u>	<u>\$805,068</u>

Bonds Payable - CityGeneral obligation refunding bonds

The 1993 General Obligation Refunding Bonds were issued to finance storm drain improvements and are payable from the levy of ad valorem taxes. Total principal and

interest remaining on the bonds is \$5,591, payable through October 2016. During the fiscal year ended June 30, 2009 total principal and interest paid was \$687.

Debt service requirements to maturity for the 1993 General Obligation Refunding Bonds to be paid by the General Obligation Bonds Debt Service Fund from future property tax revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2010	\$ 495	\$194	\$ 689
2011	520	170	690
2012	550	145	695
2013	580	118	698
2014	610	92	702
2015-2017	1,995	122	2,117
Total bonds	<u>\$4,750</u>	<u>\$841</u>	<u>\$5,591</u>

Lease payment measurement revenues

In February 1997, the Anaheim Public Financing Authority sold \$510,427 of lease revenue bonds to construct public improvements in The Anaheim Resort. In June 2007, the Authority sold \$256,320 of lease revenue bonds to defease \$248,335 of the 1997 lease revenue bonds. The bonds are special obligations of the Authority payable solely from lease payments to be made by the City to the Authority for the use and occupancy of the leased premises. Debt service requirements to maturity for these lease revenue bonds are paid from lease payment measurement revenues (LPMR) defined as amounts equal to: 1) 3% of the 15% transient occupancy taxes (TOT) (i.e. 20% of the total transient occupancy taxes) for all hotel properties in the City, excluding Disney properties, and 2) 100% of the incremental TOT, sales, and property tax revenues from all Disney properties over the 1995 base, adjusted each year by the CPI change, with a minimum 2% increase annually. The City is not required to pay any additional sums should the LPMR fall short of the amount required to pay debt service on the bonds. The Walt Disney Company provided a guarantee to the bond insurer to enable the issuer to obtain municipal bond insurance.

LPMR began on January 1, 2001, with the first payment made to the trustee on July 7, 2001, for the LPMR generated during the period January through June 2001. Subsequent to that date, LPMR is collected and remitted to the trustee monthly. During the fiscal year ended June 30, 2009, \$32,661 was remitted to the trustee.

Debt service requirements to maturity for the 1997 Anaheim Lease Revenue Bonds, and the 2007 Anaheim Lease Revenue Refunding Bonds to be paid by the Anaheim Resort Improvements Debt Service Fund from future LPMR is as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2010	\$ 7,340	\$ 19,761	\$ 27,101
2011	8,805	19,278	28,083
2012	12,995	18,636	31,631
2013	14,705	17,828	32,533
2014	16,540	16,917	33,457
2015-2019	85,737	97,541	183,278
2020-2024	69,027	145,848	214,875
2025-2029	83,614	164,787	248,401
2030-2034	100,173	185,901	286,074
2035-2037	94,651	137,390	232,041
Total	493,587	823,887	1,317,474
Unamortized bond discount	(5,530)		(5,530)
Total bonds	<u>\$488,057</u>	<u>\$823,887</u>	<u>\$1,311,944</u>

Included in interest is \$106,670 related to accretion on capital appreciation bonds.

Lease revenue refunding bonds – City

Debt service requirements to maturity for the City's lease revenue bonds to be paid from unrestricted revenues of the Municipal Facilities Debt Service Fund are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2010	\$ 366	\$ 302	\$ 668
2011	392	279	671
2012	414	254	668
2013	429	228	657
2014	460	200	660
2015-2019	2,468	553	3,021
2020	555	16	571
Total	5,084	1,832	6,916
Unamortized bond discount	(561)		(561)
Total bonds	<u>\$4,523</u>	<u>\$1,832</u>	<u>\$6,355</u>

Bonds Payable - Redevelopment Agency

The City's Redevelopment Agency has pledged future tax increment revenues net of certain pass-through payments and other senior debt obligations (Redevelopment Agency Savi Ranch Associates note and HUD Section 108 guaranteed loan) to repay a total of \$201,680 outstanding tax allocation bonds issued in December 2007.

Proceeds from bonds provided financing for public improvements related to the Merged project areas, for the supply of low-and moderate-income housing within the City, to repay certain Redevelopment Agency loan obligations and to advance refund the 1992, 1997 and 2000 bonds. The bonds are payable solely from future tax increments revenues and are payable through February 2031. During the fiscal year ended June 30, 2009, total interest paid and total tax increment revenues were \$10,766 and \$41,158 respectively.

Debt service requirements to maturity for the Redevelopment Agency Tax Allocation bonds to be paid by the Redevelopment Agency Debt Service Fund from future tax increment revenue are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2010		\$ 10,766	\$ 10,766
2011		10,766	10,766
2012		10,766	10,766
2013		10,766	10,766
2014	\$ 1,860	10,766	12,626
2015-2019	27,345	51,257	78,602
2020-2024	48,925	40,940	89,865
2025-2029	80,730	25,598	106,328
2030-2031	42,820	3,483	46,303
Total	201,680	175,108	376,788
Unamortized bond refunding costs/discount, net	(1,426)		(1,426)
Total bonds	<u>\$200,254</u>	<u>\$175,108</u>	<u>\$375,362</u>

Bonds Payable – Motorized Equipment

Debt service requirements to maturity for Motorized Equipment lease revenue refunding bonds to be paid by the Motorized Equipment Internal Service Fund from future revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2010	\$279	\$46	\$325
2011	296	28	324
2012	314	9	323
Total	889	83	972
Unamortized bond discount	(75)		(75)
Total bonds	<u>\$814</u>	<u>\$83</u>	<u>\$897</u>

CERTIFICATES OF PARTICIPATION

At June 30, 2009, certificates of participation consisted of the following:

City	Date Issued	Final Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Out-standing 6/30/09
1993 Arena Land Refinancing	11/01/93	11/01/19	5.9%-7.50%	21,210	<u>\$13,840</u>
Total governmental activities COPs					<u>\$13,840</u>

Certificates of Participation Payable – City

Certificates of participation debt service payments are to be paid from unrestricted revenues of the Certificates of Participation Debt Service Fund. COP debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2010	\$ 850	\$ 872	\$ 1,722
2011	920	814	1,734
2012	985	753	1,738
2013	1,065	686	1,751
2014	1,140	614	1,754
2015-2019	7,120	1,796	8,916
2020	1,760	57	1,817
Total COPs	<u>\$13,840</u>	<u>\$5,592</u>	<u>\$19,432</u>

CAPITAL LEASE OBLIGATIONS

The City has a long-term noncancelable lease with Motorola, Inc. to finance the acquisition of certain software utilized by the City's Police Department. The lease qualifies as a capital lease for accounting purposes as defined under the FASB Statement No. 13, *Accounting for Leases*, and therefore has been recorded at the present value of future minimum lease payments at the date of inception of the lease. Future minimum lease payments to be made from unrestricted revenues of the General Fund under the capital lease are as follows:

Fiscal Year Ending 6/30	
2010	\$247
Less amount representing interest, variable	(6)
Present value of future minimum lease payments	<u>\$241</u>

The City also has a long-term noncancelable agreement with HP Financial Services to finance the acquisition of the City's server, desktop, and portable computer

equipment. The agreement qualifies as a capital lease for accounting purposes as defined under the FASB Statement No. 13, *Accounting for Leases*, and therefore has been recorded at the present value of future minimum lease payments at the date of inception of the lease. Future minimum lease payments to be made from unrestricted revenues of the Information Services Internal Service Fund under the capital lease are as follows:

Fiscal Year Ending 6/30	
2010	\$ 594
2011	320
2012	129
2013	22
Total	1,065
Less amount representing interest, variable	(71)
Present value of future minimum lease payments	<u>\$ 994</u>

NOTES AND LOANS PAYABLE

At June 30, 2009, notes and loans payable are as follows:

Notes and Loans Payable – CityHUD Section 108 guaranteed loans payable

In May 2003, the City entered into an agreement with HUD, making available \$10,000 to provide financial assistance related to the development of Westgate on a former landfill site located at the northeast corner of Beach Boulevard and Lincoln Avenue. The loan is payable from sales tax revenue generated by Westgate, from The Community Development Block Grant yearly entitlement, and from the Redevelopment Agency's property tax increment and project participation revenues generated by Westgate. The outstanding balance at June 30, 2009 was \$9,338. The loan bears interest ranging from 1.74% to 5.97% and is payable over 20 years beginning on February 1, 2005 until August 1, 2023. Loan debt service requirements to maturity is as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2010	\$ 272	\$ 499	\$ 771
2011	355	486	841
2012	397	469	866
2013	435	449	884
2014	478	427	905
2015-2019	3,163	1,689	4,852
2020-2024	4,238	621	4,859
Total notes and loans	<u>\$9,338</u>	<u>\$4,640</u>	<u>\$13,978</u>

Computer-Aided Dispatch and Records Management System (CAD/RMS) loan payable

In December 2004, the City entered into an agreement with SunTrust to finance the acquisition and implementation of the CAD/RMS system. The amount of the loan totaled \$5,289 and bears interest at 3.30% per annum for a term of 5 years. Principal and interest payments of \$578 are due semiannually beginning on June 30, 2005 until December 31, 2009. The outstanding balance at June 30, 2009 was \$569. Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$569	\$9	\$578

Helicopter loan payable

In January 2009, the City entered into an agreement with Government Capital Corporation to finance the acquisition of a police helicopter. The amount of the loan totaled \$1,799 and bears interest at 5.391% per annum for a term of 12 years. Principal and interest payments of \$206 are due annually beginning on December 16, 2009 until December 16, 2020. The outstanding balance at June 30, 2009 was \$1,799. Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 120	\$ 86	\$ 206
2011	116	90	206
2012	122	84	206
2013	129	77	206
2014	136	70	206
2015-2019	795	238	1,033
2020	381	32	413
Total notes and loans:	<u>\$1,799</u>	<u>\$677</u>	<u>\$2,476</u>

Notes and Loans Payable – Redevelopment AgencyRedevelopment Agency Savi Ranch Associates note payable

In July 1989, the Redevelopment Agency executed a note with Savi Ranch Associates, a California general partnership. The amount of the note totaled \$2,707 and bears interest at 9.5% per annum. The note is payable from net property tax increment as defined in the Redevelopment Agency note. If there is insufficient property tax increment to pay for principal and interest at the termination of the River Valley project area plan in November 2031, the note ceases to be an obligation of the Redevelopment Agency. For the fiscal year ended June 30, 2009, total interest paid and tax increment revenues were \$331 and \$331 respectively.

Redevelopment Agency Orange County Transportation Authority note payable

In August 2005, the Agency executed a purchase price promissory note with the Orange County Transportation Authority (OCTA) for \$12,998 for the acquisition of certain sites and \$1,059 for the repayment of the balance of the November 2004 OCTA (Stingray) note. The amount of the note totaled \$14,057 and bears an adjustable interest rate equal to OCTA's short term portfolio yield for the 12 month period ending June 30 each year. The note is payable quarterly, commencing in October 2005 and matures in October 2011. At June 30, 2009, the outstanding balance of the note was \$2,683.

Redevelopment Agency Williams note payable

In January 2005, the Redevelopment Agency executed a promissory note with Robert and Betty Williams, co-trustees of the Williams Family Trust, for the acquisition of property for commercial development. The amount of the note totaled \$650 and bears 3.5% interest per annum. The note is payable over six years. At June 30, 2009, the outstanding balance of the note was \$195.

Redevelopment Agency contractual obligations

As part of the Redevelopment Agency's economic development program to attract and retain businesses in the City, the Redevelopment Agency has entered into various contractual obligations. Generally, the Redevelopment Agency reimburses the business for its tenant improvement costs from property tax increment revenues received by the Redevelopment Agency. At June 30, 2009, the outstanding balance of these obligations totaled \$263.

California State Teachers Retirement System (CALSTRS) has entered into an agreement, dated December 15, 1992, with the Agency to share in the development costs of the Plaza Redevelopment Project. In March 2004, CALSTRS assigned the agreement to the new owners, Pan Pacific Retail Properties, Inc. (PPRP). In October 2006, Kimco Realty Corporation (KRC) acquired PPRP including the assumption of the assigned plaza project agreement. The KRC participation note bears 7% simple interest rate and has a maximum term of 25 years. The Redevelopment Agency's obligation to repay the note is entirely contingent on the revenues generated by the project. The note will be forgiven at the end of the term whether or not the entire amount has been repaid. At June 30, 2009, the outstanding balance of the participation note was \$4,615.

The Redevelopment Agency entered into a purchase and sale agreement dated November 24, 2002 with a property owner for the purchase of a future commercial development site located at 1687 West Lincoln Avenue for \$900. One half of the

purchase price or \$450 was paid in cash and the balance of \$450 by a promissory note bearing 6% simple interest per annum. The note is payable over 10 years at \$3 per month with a balloon payment of \$379 on its maturity date of March 1, 2013. The outstanding balance of this note at June 30, 2009 was \$409.

Debt service requirements to maturity for the Redevelopment Agency notes payable and contractual commitments to be paid from future revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2010	\$ 2,311	\$ 908	\$ 3,219
2011	666	864	1,530
2012	212	696	908
2013	615	682	1,297
2014	257	660	917
2015-2019	1,743	3,180	4,923
2020-2024	2,865	2,262	5,127
2025-2029	1,998	716	2,714
2030-2033	205	19	224
Total notes and loans	<u>\$10,872</u>	<u>\$9,987</u>	<u>\$20,859</u>

Notes and Loans Payable – Housing Authority

Housing Authority CHFA loan agreements

In October 2003 and October 2007, the Housing Authority entered into separate loan agreements with the California Housing Finance Agency (CHFA), to provide funding for down payment assistance to first-time homebuyers. The 2003 loan is for an amount up to \$1,800 and bears 3% simple interest, with principal and accrued interest due in October 2013. At June 30, 2009, the outstanding balance of the 2003 loan was \$839. The 2007 note is for an amount up to \$1,250 and bears 3.5% interest with principal and accrued interest due in October 2017. At June 30, 2009, the outstanding balance of the 2007 loan was \$1,145.

In April 2000, the Housing Authority entered into loan agreement in the amount of \$500 with CHFA to provide funding to several property owners for the rehabilitation of properties to provide affordable housing. The note bear 3% simple interest, with principal payment due in April 2010. At June 30, 2009, the outstanding balance of the loan was \$59.

BUSINESS-TYPE ACTIVITIES:

BONDS PAYABLE

Bonds Payable - Electric Utility

The City's Electric Utility has pledged future electric revenues, net of certain costs, to repay a total of \$1,153,045 outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The electric utility's bonds are payable solely from electric customer net revenues and are payable through 2040. At June 30, 2009, the annual principal and interest payments on the bonds were less than 56.2% of net revenues. Principal and interest paid for the current fiscal year and total net revenues were \$44,168 and \$78,647 respectively.

Bond debt service requirements to maturity for the Electric Utility to be paid from revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2010	\$ 15,995	\$ 31,788	\$ 47,783
2011	17,825	30,825	48,650
2012	18,175	30,016	48,191
2013	18,995	29,217	48,212
2014	19,765	28,345	48,110
2015-2019	114,135	126,155	240,290
2020-2024	104,715	98,810	203,525
2025-2029	131,090	69,759	200,849
2030-2034	135,845	35,340	171,185
2035-2039	82,390	9,314	91,704
2040	4,430	116	4,546
Total	663,360	489,685	1,153,045
Unamortized bond refunding costs/premium, net	2,886		2,886
Total bonds	<u>\$666,246</u>	<u>\$489,685</u>	<u>\$1,155,931</u>

Bonds Payable - Water Utility

The City's Water Utility has pledged future revenues from the sale of water, net of certain costs, to repay a total of \$106,117 for outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The bonds are payable solely from water net revenues and are payable through 2039. At June 30, 2009, the annual principal and interest payments on the bonds were less than 26.3% of net revenues. Principal and interest paid for current fiscal year and total net revenues were \$3,402 and \$12,916 respectively.

Bond debt service requirements to maturity for the Water Utility to be paid from revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2010	\$ 1,490	\$ 2,544	\$ 4,034
2011	880	2,497	3,377
2012	915	2,461	3,376
2013	950	2,423	3,373
2014	800	2,387	3,187
2015-2019	2,870	11,472	14,342
2020-2024	5,505	10,815	16,320
2025-2029	10,610	8,843	19,453
2030-2034	13,430	5,961	19,391
2035-2039	17,050	2,214	19,264
Total	54,500	51,617	106,117
Unamortized bond refunding costs/premium, net	(206)		(206)
Total bonds	\$54,294	\$51,617	\$105,911

Bonds Payable – Sanitation

The City has pledged future Sanitation system net revenues to pay a total of \$89,920 for revenue bonds issued in May 2007. Proceeds from the bonds provided financing for capital improvements to the sanitation sewer collection system. The bonds are payable solely from system net revenues and are payable through February 2039. At June 30, 2009, total principal and interest payments on the bonds were less than 38.8% of net revenues. Total principal and interest paid and total system net revenues for the current fiscal year were \$2,224 and \$5,737 respectively.

Bond debt service requirements to maturity for Sanitation to be paid from revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2010	\$ 775	\$ 2,224	\$ 2,999
2011	805	2,193	2,998
2012	835	2,160	2,995
2013	880	2,119	2,999
2014	920	2,079	2,999
2015-2019	5,245	9,745	14,990
2020-2024	6,565	8,419	14,984
2025-2029	8,255	6,726	14,981
2030-2034	10,365	4,626	14,991
2035-2039	13,065	1,919	14,984
Total	47,710	42,210	89,920
Unamortized bond premium	1,365		1,365
Total bonds	\$49,075	\$42,210	\$91,285

Bonds Payable – Convention, Sports and Entertainment Venues

Bond debt service requirements to maturity for the Convention, Sports and Entertainment Venues to be paid from revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2010	\$ 6,205	\$ 3,132	\$ 9,337
2011	6,782	2,553	9,335
2012	6,918	2,241	9,159
2013	7,756	1,905	9,661
2014	8,120	1,530	9,650
2015-2019	24,111	4,205	28,316
2020-2024	5,600	167	5,767
Total	65,492	15,733	81,225
Unamortized bond refunding costs/premium, net	(5,400)		(5,400)
Total bonds	\$60,092	\$15,733	\$75,825

CERTIFICATES OF PARTICIPATION

	Date Issued	Final Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Out-standing 6/30/09
Convention, Sports and Entertainment Venues					
1992 Convention Center					
Financing Project	1/01/92	8/01/23	3.9%-6.4%	\$ 92,777	\$38,000
Total Convention, Sports and Entertainment Venues					\$38,000

Certificates of Participation Payable – Convention, Sports and Entertainment Venues

Certificates of participation debt service requirements to maturity for the Convention, Sports and Entertainment Venues Fund to be paid from unrestricted revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2010		\$ 2,350	\$ 2,350
2011		2,350	2,350
2012		2,350	2,350
2013		2,350	2,350
2014		2,350	2,350
2015-2019	\$23,300	8,084	31,384
2020-2024	14,700	1,047	15,747
Total COPs	\$38,000	\$20,881	\$58,881

NOTES AND LOANS PAYABLE**Notes and Loans Payable – Water Utility**

At June 30, 2009, notes and loans payable are as follows:

Orange County Water District promissory note

In April 1990, the Water Utility executed a Well Construction Program Agreement with the Orange County Water District (OCWD) to assist in financing the construction of three super wells to be located within the City. Advances from OCWD amounted to \$2,177 for wells 46, 47 and 49 at an interest rate of 3.5% for a period of 15 years, beginning after construction was completed for each well in 1993, 1996 and 1995 respectively. The outstanding balance on this note at June 30, 2009, was \$150.

State of California Revolving Fund note payable

In June 2001, the Water Utility executed a note payable to the State of California Revolving Fund at a rate of 2.8% in the amount of \$18,063. There are semi-annual payments of principal and interest in the amount of \$592 through July 31, 2021. The outstanding balance on this note at June 30, 2008, totaled \$12,430.

Notes and loans debt service requirements to maturity for the Water Utility are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 962	\$ 346	\$ 1,308
2011	899	318	1,217
2012	892	293	1,185
2013	917	268	1,185
2014	942	242	1,184
2015-2019	5,126	799	5,925
2020-2022	<u>2,842</u>	<u>120</u>	<u>2,962</u>
Total	12,580	2,386	14,966
Unamortized note discount	(281)		(281)
Total notes and loans	<u>\$12,299</u>	<u>\$2,386</u>	<u>\$14,685</u>

ARBITRAGE

The Tax Reform Act of 1986 (Act) substantially revised the treatment to be afforded to earnings on the proceeds of tax-exempt debt, and now requires the City to calculate and remit rebatable arbitrage earnings to the Internal Revenue Service. Certain of the City's debt and interest earned on the proceeds thereof are subject to the requirements of the Act. The City has accrued a liability for estimated rebatable arbitrage earnings

and has set aside such earnings as restricted cash. At June 30, 2009, the arbitrage rebate liability for governmental and business-type activities was zero and \$1,035, respectively.

COMPLIANCE WITH DEBT COVENANTS

There are various limitations and restrictions contained in the City's bond and certificates of participation indentures. The City believes they are in compliance with all significant limitations and restrictions.

DEBT ISSUANCES**City – Debt Refunding**

In December 2008, the Authority sold \$51,820 of lease revenue refunding bonds. The proceeds net of premium and along with \$6,113 of the previous debt service reserve of \$10,777, for a total of \$58,548, were deposited in escrow funds to defease the outstanding balance of \$50,700 on the 1993 Refunding Projects COPs and the associated interest rate swap termination fee of \$7,223. The refunding eliminated the City's risks associated with counterparties and variable rate debt, and increased its total debt service payments over the life of the bonds by \$2,331 at an estimated economic cost (difference between net present value of the debt service payments on the old debt and the new debt) of \$2,982. Consistent with the treatment of the refunded COPs, the 2008 Lease Revenue Refunding Bonds have been allocated to the City, Motorized Equipment Internal Service Fund, and Convention, Sports and Entertainment Venues Enterprise Fund in the amount of \$5,084, \$889 and \$45,847, respectively.

Electric Utility – Debt Issuance

In March 2009, the Electric Utility issued revenue bonds in the principal amount of \$70,000. The proceeds totaled \$71,089, of which \$70,345 was deposited in to a construction fund to finance the capital electric distribution system. \$744 was used to pay for the cost of issuance.

Water Utility – Debt Issuance

In July 2008, the Water Utility issued revenue bonds in the principal amount of \$48,580. The proceeds totaled \$48,532, of which \$44,261 was deposited in to a project acquisition fund to finance capital improvements to the Water Utility's infrastructure, \$3,897 was deposited in the required reserve fund, and \$374 was used to pay for the cost of issuance.

Debt Defeased

Certain bonds and certificates of participation defeased by the City prior to June 30, 2009, are summarized below:

	Outstanding 6/30/09
Redevelopment Agency	
1996 Tax Allocation Refunding Bonds	\$38,410
2000 Tax Allocation Refunding Bonds	10,740
	<u>\$49,150</u>
Electric Utility	
Electric System Certificates of Participation, Issue of 1997	<u>\$ 2,055</u>

In each of these refundings, the proceeds of the refunding issues were placed in irrevocable escrow accounts and invested in government securities that, together with interest earnings thereon, will provide amounts sufficient for future payments of interest and principal on the issues refunded. Refunded debt is not included in the City's accompanying basic financial statements as the City has satisfied its obligation through the in-substance defeasance of these issues.

CONDUIT FINANCINGS**City**

The City has entered into two conduit financings on behalf of a community care provider facility and one to facilitate the management agreement for the Honda Center (formerly the Arrowhead Pond) of Anaheim. In accordance with applicable agreements, the City has no obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Bonds payable and certificates of participation related to conduit financings outstanding at June 30, 2009, were as follows:

	Date Issued	Final Maturity	Amount Issued	Outstanding 6/30/09
1993 Anaheim Memorial Hospital Association	10/15/93	5/15/20	\$46,690	\$27,350
2003 Anaheim Arena Financing Project	12/11/03	6/01/23	42,600	37,500
Total			<u>\$89,290</u>	<u>\$64,850</u>

Anaheim Housing Authority

The Anaheim Housing Authority has entered into conduit debt financings on behalf of various developers to assist with the acquisition, construction, equipping, rehabilitation and refinancing of multifamily residential rental projects within the City

of Anaheim. In accordance with the bond documents, neither the City nor the Housing Authority has an obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Housing Authority revenue bonds related to conduit financings outstanding at June 30, 2009, were as follows:

	Date Issued	Final Maturity	Amount Issued	Outstanding 6/30/09
1985 West Anaheim Royale	12/01/85	12/01/15	\$ 4,664	\$ 2,634
1992 Heritage Village Park	11/12/92	11/12/07	8,485	5,485
1997 Casa Granada Apartments	5/15/97	5/15/27	3,795	3,295
1997 Monterey Apartments	5/15/97	5/15/27	4,545	3,845
1997 Port Trinidad Apartments	5/15/97	5/15/27	2,140	1,840
1998 Sage Park Project	11/01/98	11/01/28	5,500	5,500
2000 Cobblestone Apartments	7/20/00	3/15/33	3,980	3,675
2000 Park Vista Apartments	7/24/00	7/01/33	27,180	27,180
2000 Seawinds Apartments	7/20/00	7/15/33	7,000	6,500
2001 Solara Court Apartments	1/01/01	12/01/34	8,200	5,931
2008 Bel Age Manor Apartments	2/01/08	2/01/44	22,350	22,265
2009 Lincoln Anaheim Apartment Phase B	5/15/09	4/15/39	23,217	23,217
Total			<u>\$121,056</u>	<u>\$111,367</u>

Mello-Roos Community Facilities Districts

In February 2007, the City issued \$9,060 in special tax bonds to finance a portion of the cost of acquisition and construction of facilities in the Platinum Triangle of Anaheim. The bonds were authorized pursuant to the Mello-Roos Community Facilities Act of 1982. The bonds are payable from a special assessment tax and are non-recourse bonds secured by the properties. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision of either of the foregoing is pledged to the payment of the bonds. The bonds are not general or special obligations of the City, nor do they contain any credit enhancements that secondarily pledge existing or future resources of the City, accordingly they are not reflected in the accompanying basic financial statements. The City is acting as agent only for the property owners in collecting the special assessments and forwarding the collections to the fiscal agent. This activity is recorded in an agency fund in the basic financial statements. At June 30, 2009, the 2007 Mello-Roos bonds outstanding amounted to \$8,910.

In June 1989, the City issued \$26,620 in special tax bonds to finance a portion of the cost of acquisition and construction of facilities in East Anaheim Hills. The bonds were authorized pursuant to the Mello-Roos Community Facilities Act of 1982. In April 1995, \$15,389 of the 1989 bonds were advance refunded through the Anaheim Public Financing Authority and in June 2005, \$11,160 of the 1995 bonds were refunded through the Authority. In December 1999, \$7,720 of the 1989 bonds were

refunded by the City. The 2005 and the 1999 bonds are payable from a special assessment tax and are non-recourse bonds secured by the properties. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision of either of the foregoing is pledged to the payment of the bonds. The bonds are not general or special obligations of the City, nor do they contain any credit enhancements that secondarily pledge existing or future resources of the City, accordingly they are not reflected in the accompanying basic financial statements. The City is acting as agent only for the property owners in collecting the special assessments and forwarding the collections to the fiscal agent. This activity is recorded in an agency fund in the basic financial statements. At June 30, 2009, the 2004 Anaheim Public Financing Authority bonds outstanding amounted to \$7,315, and the 1999 Mello-Roos bonds outstanding amounted to \$4,165.

NOTE 8 – SEGMENT INFORMATION:

The Sanitation Fund issued revenue bonds to finance sewer system expansion and improvements. The Sanitation Fund accounts for three activities: solid waste collection, wastewater, and street cleaning. However, investors in the revenue bonds rely solely on revenue generated through wastewater activities for repayment. Summary financial information for wastewater activities is presented below:

Condensed Statement of Net Assets

Assets:	
Cash and cash equivalents	\$ 2,087
Investments	7,328
Other current assets	2,023
Restricted cash and cash equivalents	38,630
Capital Assets, net	<u>70,178</u>
Total assets	<u>120,246</u>
Liabilities:	
Current liabilities	869
Current liabilities payable from restricted assets	1,977
Noncurrent liabilities	<u>48,300</u>
Total liabilities	<u>51,146</u>
Net Assets:	
Invested in capital assets, net of related debt	49,381
Restricted for capital projects	4,307
Unrestricted	<u>15,413</u>
Total net assets	<u>\$ 69,101</u>

Condensed Statement of Revenues, Expenses and Changes in Fund Net Assets

Waste water fees (pledged against bonds)	\$ 10,913
Depreciation and amortization	(1,287)
Other operating expenses	<u>(5,176)</u>
Total operating income	<u>4,450</u>
Nonoperating income (expenses)	
Interest income	1,113
Other nonoperating income	8
Interest expense	(1,866)
Transfers out	<u>(848)</u>
Total nonoperating income	<u>(1,593)</u>
Change in net assets	2,857
Net assets at beginning of year	<u>66,244</u>
Net assets at end of year	<u>\$ 69,101</u>

Condensed Statement of Cash Flows

Net cash provided by (used in):	
Operating activities	\$ 5,147
Noncapital financing activities	(836)
Capital and related financing activities	(10,090)
Investing activities	<u>432</u>
Net decrease	(5,347)
Beginning cash and cash equivalents	<u>46,064</u>
Ending cash and cash equivalents	<u>\$ 40,717</u>

Reconciliation of cash and cash equivalents

Cash and cash equivalents	\$ 2,087
Restricted cash and cash equivalents	<u>38,630</u>
Total cash and cash equivalents	<u>\$ 40,717</u>

NOTE 9 – WESTGATE POLLUTION REMEDIATION OBLIGATION:

In June 2003, the Redevelopment Agency acquired property located at 2951 West Lincoln Avenue as a part of a redevelopment project named the Westgate project. Approximately 11 acres of the property were formerly known as the Sparks and Rains Landfills. The County of Orange was the operator of these landfills until 1960. In November 2008, the County agreed to pay the Redevelopment Agency \$5,176 in settlement of claims related to the pollution remediation for the Westgate project site.

prior to the development of a shopping center. The total costs for the pollution remediation work is estimated to be \$5,541 based on actual contract bids received or average cost of cleanup applicable to the project. The Redevelopment Agency anticipates no significant cost increases from the estimates. At June 30, 2009, the estimated outstanding pollution remediation obligation for the Westgate project was \$4,213.

NOTE 10 – RETIREMENT PLANS:

Retirement System

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. A copy of PERS' annual financial report may be obtained from its executive office at 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 8.0% (9.0% for fire safety employees and 11.5% for police safety employees) of their annual covered salary. For miscellaneous employees the City pays 7% of the participant contributions and the employee pays 1%. For police safety employees 9% of the 11.5% is paid by the City and the employee pays the remaining 2.5%. For fire safety employees, the entire 9% is paid by the employees. In addition, the City is required to contribute at an actuarially determined rate applied to annual covered payroll; the current rates are 15.737% for miscellaneous employees, 24.230% for police safety employees and 25.916% for fire safety employees. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2009, the City's annual pension cost of \$54,200 for PERS was equal to the City's required and actual contributions. The required contribution was determined as a part of the June 30, 2006 actuarial valuations.

The City's annual pension cost, the percentage of annual pension cost contributed to the plans, and the net pension obligation for the fiscal years ended June 30, 2007, 2008 and 2009 are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/07	\$48,023	100%	\$0
6/30/08	49,947	100%	\$0
6/30/09	54,200	100%	\$0

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the plans were 86.6% funded. The actuarial accrued liability for benefits was \$1,555,983, resulting in an unfunded actuarial accrued liability (UAAL) of \$207,879. The covered payroll (annual payroll of active employees covered by the plans) was \$186,538, and the ratio of the UAAL to the covered payroll was 111.4%.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information, which shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuations, the entry age actuarial cost method was used. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15-year period (smoothed market value). The PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization periods were 22 years for the miscellaneous plan and 30 years for safety police and fire plans for years of service unfunded.

Other Post-employment Benefits

In addition to the pension benefits described above, the City provides other post-employment benefits (OPEB) as a single-employer defined benefit healthcare plan. The OPEB provides medical, dental and life insurance benefits to eligible retirees (hired prior to January 1, 1996, Anaheim Police Association employees hired prior to

July 6, 2001, and Anaheim Fire Association employees hired prior to November 9, 2001) in accordance with City Personnel Resolutions and various Memoranda of Understanding. Eligible employees hired after the dates above have access to the City's medical and dental plans but do not receive a defined benefit. There are no separately issued financial statements for the OPEB.

Funding Policy

The contribution requirements of plan members and the City are established in accordance with City Personnel Resolutions and various Memoranda of Understanding. The retired plan members receiving benefits make varying contributions toward the cost of these benefits depending on the retiree's Medicare eligibility, year of hire, age and employee group. Retiree contributions for the fiscal year ended June 30, 2009 were 1.3% of total payroll.

In June 2008, the City joined the California Employer's Retiree Benefit Trust Program (CERBT) to pre-fund OPEB liabilities. The CERBT is an agent multiple employer plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions that are administered by PERS. A copy of the aggregated CERBT annual financial report may be obtained from the PERS office at 400 P Street, Sacramento, California 95814.

The City contributes an amount not less than the annual required contribution (ARC) of the employer. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The ARC rate for the fiscal year ended June 30, 2009 was 4.23% of total payroll.

Annual OPEB Cost and Net OPEB Asset

The City's annual OPEB cost, amount actually contributed to the plan, and changes in the City's net OPEB asset for the fiscal year ended June 30, 2009, are as follows:

ARC	\$ 7,149
Interest on net OPEB asset	(712)
Adjustment to ARC	561
Annual OPEB cost	<u>\$ 6,998</u>
Contributions made	\$ 7,149
Annual OPEB cost	<u>(6,998)</u>
Change in OPEB asset	151
Net OPEB asset - beginning of year	<u>9,190</u>
Net OPEB asset - end of year	<u>\$ 9,341</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the fiscal year ended June 30, 2009 are as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	OPEB Asset
6/30/08	\$9,594	747.2%	\$9,190
6/30/09	6,998	102.2%	9,341

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the plan was 40.5% funded. The actuarial accrued liability for benefits was \$155,728, resulting in an unfunded actuarial accrued liability (UAAL) of \$92,631. The covered payroll (annual payroll of active employees covered by the plan) was \$165,137, and the ratio of the UAAL to the covered payroll was 56.1%.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information in subsequent years, that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial accrued liability and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008, actuarial valuation, the entry age normal cost method was used. The actuarial assumption included a 7.75% investment rate of return, an annual healthcare cost trend rate of ranging from 8.00% - 13.00% initially and declining to 5.00% by 2018, and an inflation factor of 3.00%. The OPEB unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 30-year period.

NOTE 11 – JOINT VENTURES AND JOINTLY-OWNED PROPERTIES:**Authority for Orange County - City Hazardous Materials Emergency Response**

The City participates in a joint powers authority, the Authority for Orange County-City Hazardous Materials Emergency Response (Hazmat), for the purposes of responding to, assessing the nature of, and stabilizing any emergency created by the release or threatened release of hazardous materials.

The following entities are members of Hazmat: City of Anaheim, Orange County Fire Authority, City of Santa Ana, and the City of Huntington Beach. Members of the Board of Directors (Hazmat Board) consist of one voting Board member and an alternate appointed by the governing body from the City of Anaheim, Orange County Fire Authority, City of Santa Ana, and the City of Huntington Beach.

Distribution of fair share contributions to reimburse the provider agencies are as follows: City of Anaheim, 27.3%; Orange County Fire Authority, 27.3%; City of Santa Ana, 27.3%; and City of Huntington Beach, 18.1%.

At the direction of the Hazmat Board, revenues are disbursed to the provider agencies at the end of each preceding quarter. Audited financial information for the joint powers authority as of and for the year ended June 30, 2009, was as follows:

Total assets	\$ 51
Total liabilities	35
Members' equity	16
Total revenues	157
Total expenses	185
Expenses over revenues	28

Hazmat does not have any debt outstanding at June 30, 2009.

The City has no significant equity interest in Hazmat, and accordingly neither assets nor liabilities of Hazmat have been recorded in the City's basic financial statements. For a copy of Hazmat's separate financial statements, contact the Finance Director of the City.

Metro Cities Fire Authority

The City participates in a joint powers authority, Metro Cities Fire Authority (Fire Authority), for the purpose of providing a central communication network and record

keeping system to support fire suppression, emergency medical assistance, rescue service, and related services provided by the members of the Fire Authority.

The following entities are members of the Fire Authority: City of Anaheim, City of Fountain Valley, City of Fullerton, City of Garden Grove, City of Huntington Beach, City of Newport Beach, and the City of Orange.

Public entities in Orange County may receive services from the Fire Authority by executing an agreement and paying a fair share contribution. Audited financial information for the Fire Authority as of and for the year ended June 30, 2009, was as follows:

Total assets	\$3,549
Total liabilities	2,217
Members' equity	1,332
Total revenues	4,802
Total expenses	4,667
Revenues over expenses	135

The City has no significant equity interest in the Fire Authority, and accordingly neither assets nor liabilities of the Fire Authority have been recorded in the City's basic financial statements. For a copy of the Fire Authority's separate financial statements, contact the Finance Director of the City.

Jointly-owned utility plants

The City's Electric Utility owns a 10.04% ownership interest in the coal-fired San Juan Generating Station, Unit 4 (SJ), located near Waterflow, New Mexico. The other participants in SJ and their respective ownership include: Public Service of New Mexico, 45.48%; City of Farmington, New Mexico, 8.48%; County of Los Alamos, New Mexico, 7.20%; and M-S-R Public Power Agency, 28.80%. There are no separate financial statements for this venture, as each participant's interest in the utility plant is included in their respective financial statements. The City's cumulative share of construction costs included in the utility plant at June 30, 2009, amounted to \$75,464. The City's bonded indebtedness incurred to finance the purchase of the 10.04% ownership interest is also included in the basic financial statements.

From August 1972 to June 2004, the City had an ownership interest in San Onofre Nuclear Generating Stations, Unit 2 and 3. On June 22, 2004, SCE, as operating agent for the SONGS, gave notice that SCE had declared an Operating Impairment. As a result of SCE's action, on October 11, 2004, the City exercised its option not to

participate in the restoration work related to the impairment and to have its ownership share reduced per provisions of the Agreement. On December 20, 2005, the City and SCE entered into an agreement for the City to transfer its interest in SONGS to SCE once SCE obtained approval from the California Public Utilities Commission (CPUC), California State Lands Commission, and U.S. Nuclear Regulatory Commission (NRC). SCE obtained all such approvals prior to the sale date.

The City sold its ownership interest of SONGS to SCE on December 29, 2006. Accordingly, utility plant, in the amount of \$214,134, was removed from capital assets and the Electric Utility ceased recording all related operating expenses, except marine mitigation costs and spent fuel storage charges, as of December 29, 2006. Based on the SONGS settlement agreement, the Electric Utility is responsible for the City's share of marine mitigation costs up to \$2,300, and SCE is responsible for costs between \$2,300 and \$7,300. The Electric Utility is responsible for spent fuel storage charges until the federal government takes possession.

As a former participant in SONGS, the Electric Utility is subject to assessment of retrospective insurance premiums in the event of a nuclear incident at SONGS or any other licensed reactor in the U.S.

NOTE 12 – COMMITMENTS AND CONTINGENCIES:

Intermountain Power Agency

The Electric Utility has entered into a power purchases contract with the Intermountain Power Agency (IPA) for delivery of electric power. The share of IPA power is equal to 13.225% of the generation output of IPA's two coal-fueled generating units located in Delta, Utah. The City is obligated for the following percentage of electrical facilities at IPA:

<u>Generation</u>	<u>Entitlement</u>	<u>Expiration</u>
Intermountain Power Project	13.2%	2027

The contract constitutes an obligation of the Electric Utility to make payments from revenues and requires payment of certain minimum charges. These minimum charges include debt service requirements on the financial obligations used to construct the plant. These requirements are considered a cost of purchased power.

Southern California Public Power Authority

The Electric Utility is a member of the Southern California Public Power Authority (SCPPA), a joint powers agency. SCPPA provides for the financing and construction

of electric generating and transmission projects for participation by some or all of its members. To the extent the Electric Utility participates in projects developed by SCPPA, it is obligated for its proportional share of the cost of the project. The City is obligated for the following percentage of electrical facilities owned by SCPPA:

<u>Transmission</u>	<u>Entitlement</u>	<u>Expiration</u>
Soutner Transmission System (STS)	17.6%	2027
Mead-Adelanto Project (MAP)	13.5%	2030
Mead-Phoenix Project (MPP)	24.2%	2030
<u>Generation</u>	<u>Entitlement</u>	<u>Expiration</u>
Hoover Dam Upgrading (Hoover)	42.6%	2018
Magnolia Generating Station (Magnolia)	38.0%	2037
SCPPA Natural Gas Project - Pinedale, Wyoming	35.7%	2033
SCPPA Natural Gas Project - Barnett, Texas	45.5%	2033

Take or pay commitments

As part of the take or pay commitments with IPA and SCPPA, the Electric Utility has agreed to pay its share of current and long-term obligations. Payment for these obligations will be made from the operating revenues received during the year that the payment is due. A long-term obligation has not been recorded on the accompanying basic financial statements for these commitments. The following schedule details the amount of debt service that is due and payable by the Electric Utility for each project and the final maturity date.

<u>Fiscal Year</u>	<u>IPA</u>	<u>STS</u>	<u>MAP</u>	<u>MPP</u>	<u>Hoover</u>	<u>Magnolia</u>	<u>Natural Gas</u>	<u>Total</u>
<u>Ending 6/30</u>								
2010	\$ 40,428	\$ 13,595	\$ 1,906	\$ 1,059	\$ 956	\$ 4,674	\$ 7,461	\$ 70,079
2011	40,660	13,729	3,099	1,929	957	8,757	9,175	78,306
2012	42,150	16,633	3,089	1,923	956	8,761	9,836	83,348
2013	39,345	15,027	3,086	1,922	958	8,759	8,096	77,193
2014	39,085	15,071	3,090	1,925	957	8,766	7,369	76,263
2015-2019	164,531	76,117	14,830	7,932	3,828	40,056	32,606	339,900
2020-2024	95,431	65,418	5,819	3,114		34,976	21,385	226,143
2025-2029		19,092				37,796	14,560	71,448
2030-2034						39,054	8,275	47,329
2035-2039						42,318		42,318
<u>Total</u>	<u>\$461,630</u>	<u>\$234,682</u>	<u>\$34,919</u>	<u>\$19,804</u>	<u>\$8,612</u>	<u>\$233,917</u>	<u>\$118,763</u>	<u>\$1,112,327</u>

In addition to debt service, the City's entitlement requires the payment for fuel costs, operations and maintenance (O&M), administration and general (A&G) and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service, however, prior experience indicates that annual costs are generally

consistent from year to year. The fiscal year 2009 expenses for fuel, O&M, A&G and other costs at these projects were as follows:

Fiscal Year	IPA	STS	MAP	MPP	Hoover	Magnolia	Natural Gas	Total
2009	\$45,790	\$2,885	\$203	\$332	\$269	\$33,663	\$991	\$84,133

Operating Leases

In April 2001, the Redevelopment Agency entered into an agreement with Katella Operating Properties II, LLC to sublicense/sublease an 8.9 acre Southern California Edison easement (easement) located between Anaheim Boulevard and Claudina Way. The Redevelopment Agency gained long term control of the property as part of its overall efforts to redevelop the area for hotel or commercial development. The term of the sublicense/sublease is for 40 years commencing on May 1, 2001 and ending on April 30, 2041. The Agreement was amended on October 15, 2003 to extend the term of the lease to February 28, 2043. In January 2003, the Redevelopment Agency converted its sublicense to a sublease and is paying \$34 in monthly rent through January 2006. The agreement also provides for the rent to increase by 6% every 3 years. Future minimum lease payments to be made from unrestricted revenues of the Redevelopment Agency Capital Project Funds are as follows:

Fiscal Year Ending June 30	
2010	\$ 452
2011	452
2012	464
2013	479
2014	479
2015-2019	2,568
2020-2024	2,819
2025-2029	3,113
2030-2034	3,436
2035-2039	3,772
2040-2044	3,022
	<u>\$21,056</u>

In March 2003, the Redevelopment Agency sub-leased a portion of the easement to G.D. Heil, Inc., a developer, for a period of 5 years with option to extend up to 32 years or a total of 37 years. The initial sub-lease is at \$5 per month and increase by 6% every 3 years. The following are the annual future minimum lease revenues under this lease.

Fiscal Year Ending June 30

2010	\$ 67
2011	67
2012	67
2013	71
2014	72
2015-2019	379
2020-2024	416
2025-2029	462
2030-2034	507
2035-2039	443
	<u>\$2,551</u>

In January 2003, the Redevelopment Agency entered into a ground lease agreement with Loan Pham, a property owner, for a period of 55 years, which is payable in advance at \$71 per year, increasing by 10% every 4 years. Future minimum lease payments to be made from unrestricted revenues of the Redevelopment Agency Capital Project Funds are as follows:

Fiscal Year Ending June 30

2010	\$ 78
2011	86
2012	86
2013	86
2014	86
2015-2019	482
2020-2024	541
2025-2029	606
2030-2034	679
2035-2039	776
2040-2044	870
2045-2049	976
2050-2054	1,094
2055-2057	735
	<u>\$7,181</u>

In January 2005, the City entered into a long term noncancelable ground lease with City of Fullerton, for an approximately 1.56 acre site at the Fullerton Municipal Airport for the operation of the Anaheim Police Department Heliport. The term of the lease is 40 years with two 10-year extensions commencing from January 2005 and ending December 2044. The base rent is adjusted every five years by ten percent (10%). The City constructed a building of approximate 30,000 square feet that includes offices, aircraft maintenance and storage facilities and other infrastructure supporting such facilities on the leased premise. Future minimum lease payments to be made from unrestricted revenues of the General Fund are as follows:

Fiscal Year Ending June 30

2010	\$ 52
2011	54
2012	54
2013	54
2014	54
2015-2019	294
2020-2024	323
2025-2029	355
2030-2034	391
2035-2039	430
2040-2044	520
Total minimum future rentals	<u>\$2,581</u>

In March 2006, the City entered into a long term noncancelable lease with William Cosmo Taormina, Trustee of the Taormina Revocable Inter Vivos for an approximately 1.6 acre commercial property located at 150 West Vermont Avenue for the operation of the Police Department Family Justice Center. The term of the lease is ten years with three five-year extensions commencing from May 2006 and ending May 2016. The lease includes an option to purchase the property. The base rent is adjusted annually by the change in CPI. Future minimum lease payments to be made from unrestricted revenues of the General Fund are as follows:

Fiscal Year Ending June 30

2010	\$ 455
2011	477
2012	488
2013	501
2014	513
2015-2016	1,018
Total minimum future rentals	<u>\$3,452</u>

Lincoln Anaheim Apartments, Phase B

In April 2009, the Redevelopment Agency entered into a conditional loan commitment agreement with Lincoln Anaheim II Housing Partners, L.P. (developer), to provide an alternate source of permanent financing for a 74-unit affordable housing development at 1275-1287 E. Lincoln Avenue. The State of California Department of Housing and Community Development (HCD) issued a permanent loan commitment to the developer in the amount of \$6,700 under the multi-family Housing Program (MHP) but may not be able to satisfy the commitment. In the event that HCD could not honor the commitment, the Redevelopment Agency would provide a loan of up to \$5,900, which would be repaid from the development's annual residual receipts.

The Honda Center

Effective December 16, 2003, the City and Anaheim Arena Management LLC (AAM) entered into a Facility Management Agreement (FMA) whereby AAM has the exclusive right and license to manage, maintain and operate all aspects of the Honda Center in accordance with the FMA through June 30, 2023 with an option to extend the term for an additional period not to exceed 10 years. Annual distributions to the City, AAM and the County of Orange are required for their respective share of adjusted net revenues, as defined in the FMA. In the event that cash on hand is insufficient to pay operating expenses, debt service, distributions to the City, the County of Orange, or other amounts payable, AAM shall make or cause an affiliate or third-party lending institution to make loans for such purposes, as defined in the FMA. Such funds will be repaid from gross revenues or adjusted net revenues, if any, as defined in and in accordance with disbursement priorities established in the FMA. At June 30, 2009, the outstanding conduit debt on the Honda Center totaled \$37,500. The debt is non-recourse, payable from revenues generated by the facility. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the debt. The debt is not a general or special obligation of the City, nor does it contain any credit enhancements that secondarily pledge existing or future resources of the City (other than revenues generated by the facility), and accordingly it is not reflected in the accompanying basic financial statements.

On January 26, 1999, the City entered into a series of lease transactions for the Honda Center. Under these transactions, the City leased the Honda Center to a third party trustee acting for the benefit of an equity investor for a term of approximately 39.2 years. The trustee sublet the facility back to the City for 20 years, which was shorter than the then remaining term of the management agreement between the third-party manager at that time (Manager) and the City in consideration of an advance rental payment for the entire lease term. At the end of the sublease, the City has a purchase option to purchase the trustee's rights under the lease for a fixed amount. The advance rent payments to the City were deposited into a trust fund and invested. The cash scheduled to be available from this trust fund is sufficient to pay the City's rent payments for the term of the sublease and to exercise the City's purchase option at the end of the sublease. The excess of the amount of the advance rent payment made by the trustee to the City over the deposit to the trust funds, after the payment of transaction expenses and payment to the Manager for agreeing to pledge its interest as Manager under the management agreement then in effect and agreeing to undertake certain additional obligations to the transaction, was approximately \$4,000. This amount was recognized by the City as deferred revenue and is being amortized over the sublease term. The City has secured its obligations to the other parties to these lease transactions by a pledge of its respective interest in revenues

from the facility, subordinate (with certain exceptions) to any interests of the debt holders of the facility. The City's obligations under these lease transactions are considered to be defeased in substance, and therefore the related liabilities as well as the trust assets have been excluded from the City's financial statements. The City's and AAM's respective rights under the FMA are subject in certain respects to the effect of the 1999 lease transaction.

Angel Stadium of Anaheim

On May 14, 1996, the City and the California Angels, LP (Team), which was then managed by Disney Sports Enterprises, Inc. (subsequently known as Anaheim Sports, Inc.), entered into an agreement to provide for the operation and refurbishment of the Stadium. Pursuant to the agreement, the Team assumed responsibility for the operation of the Stadium on October 1, 1996. The agreement runs for 33 years (subject to a limited Team option to cancel at 20 years and the Team's right to extend the term).

Under the terms of the agreement, the Team assumed full responsibility for all Stadium operations and maintenance, including capital maintenance. The Team books all Stadium and parking lot events (except for ten annual City events), pays all expenses, and retains all revenue (subject to the City's rights to share in certain net revenues) except that the City credits the Team up to \$500 per year adjusted annually for CPI for a capital reserve, calculated on the basis of property taxes. The City's participation in net revenues includes amounts received by the Team above certain thresholds including paid admissions (\$2.00 per paid admission in excess of 2.6 million admissions per year), net income from nongame events (in excess of \$2,000 per year adjusted annually for CPI), and parking lot net income (25% in excess of \$4,000 per year adjusted annually for CPI). Additionally, as indicated above, the City retained the right to book and retain all revenue from ten parking lot events per year. Major League Baseball consented to the transfer of the Team in fiscal year 2003 to interests controlled by Arte Moreno. No changes in the terms of the agreement with the Team were made in connection with that transfer.

The Agreement also provided that the City had the right to develop approximately 42 acres of the parking lot development site. In 1998 a land sale of \$1,000 for a 1.25 acre site was approved for the construction of a 1,100-seat theatre called "Tinseltown Studios" (now known as "The Grove of Anaheim"). In November 2002, the City purchased the facility and the land for \$6,700 from its then owner, SMG, a Pennsylvania partnership, an affiliate of Aramark Entertainment, Inc. Concurrent with

the purchase, the City granted to Nederlander-Grove LLC (Nederlander) a license to operate the facility for three years with the right to extend another five years. Under the terms of the agreement, Nederlander receives a management fee of \$150. Nederlander paid the City \$315 for the year ended June 30, 2009 for parking and common area maintenance. Additionally, The City and Nederlander each participate 50% in the annual net profits and net losses from operations, as defined in the management agreement. Nederlander is responsible for 100% of losses in excess of \$400, thereby limiting the City's share of net losses to a maximum of \$200 in any given year. The City may elect to terminate the agreement prior to expiration of the term under certain conditions, and pay the unamortized balance of capital assets purchased during the term to Nederlander.

Muzeo

In October 2007, the City and Redevelopment Agency entered into a property operating agreement with the Muzeo Foundation to operate and provide programming for the Muzeo, the downtown museum. The property operating agreement is for a term of 30 years and provides for a line of credit for the first 3 years from the City to the Muzeo Foundation in an amount not to exceed \$1,000 or 95% of pledges at an annual interest rate of 5%. At June 30, 2009, there were no amounts owed to the City from The Muzeo Foundation.

Litigation

A number of claims and suits are pending against the City for alleged damages to persons and/or property and for other alleged liabilities arising out of matters usually incident to the operation of a city such as Anaheim. Although the aggregate amount asserted for such lawsuits and claims is significant, in the opinion of City management, the City has strong defenses against such claims, and thus the ultimate loss, if any, relating to these claims and suits not covered by insurance, will not materially affect the financial position of the City.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Construction and other significant commitments

At June 30, 2009, the City had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Completion Date</u>
69 kV Distribution Circuit Breakers	\$ 732	2011
Anaheim Fixed-Guideway	4,815	2011
Anaheim Regional Transportation Intermodal Center (ARTIC)	23,955	2013
Citywide Sanitary System Repair and Rehabilitation	1,133	2010
Colony Park Phase III Affordable Housing Project	4,775	2013
Colony Park Phase III Improvements and Developments	2,900	2013
Colony Park Underground Phase II	3,975	2013
East Street at SR-91 Freeway Interchange	1,928	2010
Elm Street Commons Multifamily Affordable Housing Project	510	2010
Gene Autry Way (I-5 Freeway Bore)	584	2010
Katella Street Improvement	2,235	2010
Kraemer Boulevard and La Palma Avenue Intersection Improvement	1,699	2010
Lemon Street to East Street Sanitary Sewer Improvement	974	2010
Nohl Canyon Tank	6,128	2010
Reservoir Mixing Improvement Project	600	2010
Santa Ana Canyon Road from Lakeview to Imperial	2,361	2010
Substation Security System	523	2010
Underground District No. 50 & No. 53 Euclid Street	758	2010
Utilities Cable and Wire Equipment	1,680	2010
Well No. 54 Next to Anaheim Substation	1,929	2010
Well No. 56 at Willow Park	1,783	2010

NOTE 13 – SUBSEQUENT EVENTS:**Canyon Power Project**

The City is currently in the licensing process to build a 200 megawatt peaking facility within the City limits. The new Combustion Turbine Generation (CTG) facility will be owned by SCPPA but operated by Anaheim.

Scheduled to come online in the summer or fall of 2011, the Canyon Power Project (CPP) will increase the City's local electric resources. The CPP will lower the City's dependence on wholesale purchases to meet peak demand, reduce the need to purchase additional local capacity, reduce potential California Independent System Operator (CAISO) fees for back stop resource procurement, and allow the City to meet reliability requirements. Construction of internal generation will enable the City to more reliably meet retail load and satisfy a large portion of the City's generation reserve requirement.

In November 2009, \$172.3 million of revenue anticipation notes were sold through SCPPA to cover the cost of the turbines. These are 12 month notes that are intended to be paid for with long term financing issued in 2010 for approximately \$320 million to finance the entire project.

Supplemental Education Revenue Augmentation Fund (SERAF)

In July 2009, the Governor signed into law Assembly Bill 26, requiring the Redevelopment Agency to contribute approximately \$16,000 to the county SERAF no later than May 2010. These funds are to assist the State of California in meeting its current obligations. In October 2009, the California Redevelopment Association (CRA) initiated a class-action lawsuit on behalf of California redevelopment agencies against the State of California's issuance of Assembly Bill 26 with the taking of redevelopment funds for contributions to the SERAF.

Required Supplementary Information (Unaudited)

(In thousands)

Miscellaneous Employees Retirement System – Schedule of Funding Progress

Actuarial Valuation Date	(A) Actuarial Value of Assets (AVA)	(B) Accrued Liability	(C) Unfunded Liability (UL) (A) - (B)	(D) Funded Ratios		(E) Annual Covered Payroll	(F) UL as a % of Payroll (C)/(E)
				AVA (A)/(B)	Market Value		
6/30/06	\$605,003	\$684,994	\$ 79,991	88.3%	93.4%	\$ 97,014	82.5%
6/30/07	665,092	762,960	97,868	87.2%	100.6%	113,179	86.5%
6/30/08	713,184	820,145	106,961	87.0%	88.3%	118,656	90.1%

Police Safety Employees Retirement System – Schedule of Funding Progress

Actuarial Valuation Date	(A) Actuarial Value of Assets (AVA)	(B) Accrued Liability	(C) Unfunded Liability (UL) (A) - (B)	(D) Funded Ratios		(E) Annual Covered Payroll	(F) UL as a % of Payroll (C)/(E)
				AVA (A)/(B)	Market Value		
6/30/06	\$336,967	\$392,350	\$55,383	85.9%	91.3%	\$35,807	154.7%
6/30/07	366,663	425,139	58,476	86.2%	100.2%	40,323	145.0%
6/30/08	392,206	457,588	65,382	85.7%	87.6%	44,224	147.8%

Fire Safety Employees Retirement System – Schedule of Funding Progress

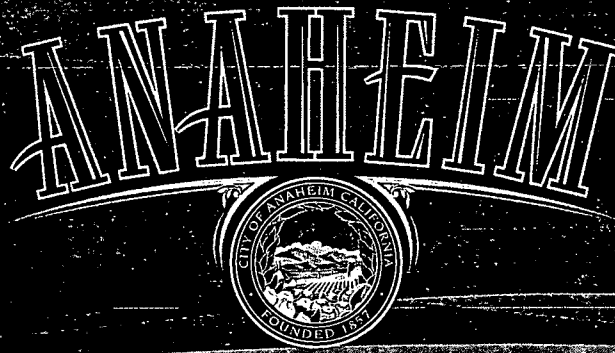
Actuarial Valuation Date	(A) Actuarial Value of Assets (AVA)	(B) Accrued Liability	(C) Unfunded Liability (UL) (A) - (B)	(D) Funded Ratios		(E) Annual Covered Payroll	(F) UL as a % of Payroll (C)/(E)
				AVA (A)/(B)	Market Value		
6/30/06	\$213,734	\$250,240	\$36,506	85.4%	90.6%	\$20,625	177.0%
6/30/07	229,673	265,040	35,367	86.7%	100.7%	22,336	158.3%
6/30/08	242,714	278,250	35,536	87.2%	89.3%	23,658	150.2%

Other Post-employment Benefits – Schedule of Funding Progress

Actuarial Valuation Date	(A) Actuarial Value of Assets (AVA)	(B) Accrued Liability	(C) Unfunded Liability (UL) (A) - (B)	(D) Funded Ratios		(E) Annual Covered Payroll	(F) UL as a % of Payroll (C)/(E)
				AVA (A)/(B)	Market Value		
7/01/06	\$	\$130,328	\$130,328	0.0%	0.0%	\$152,602	85.4%
7/01/08	63,097	155,728	92,631	40.5%	40.5%	165,137	56.1%

See accompanying independent auditor's report.

NONMAJOR GOVERNMENTAL FUNDS



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS are used to account for revenue derived from specific taxes or other earmarked revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

GAS TAX AND ROADS FUND - Established to account for the construction and maintenance of the road network system of the City. Financing is primarily provided by the City's share of Federal, State, and local gasoline taxes. Federal, State, and local regulations require that these gasoline taxes be used to improve and maintain streets, and includes programs that improve the air quality of the region.

WORKFORCE DEVELOPMENT FUND - Established to account for the City's involvement in Federal, State, and local programs to create jobs and provide the unemployed citizens in the Anaheim area with job training opportunities.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - Established to account for financing of rehabilitation of privately held homes and government infrastructure. Financing is provided by the Federal Housing and Community Development Act.

COMMUNITY SERVICES FACILITIES FUND - Established to account for the development of new park sites, playgrounds, and other community facilities. Financing is provided by Federal and State reimbursement programs in conjunction with fees charged to residential and commercial developers.

SEWER AND STORM DRAIN CONSTRUCTION FUND - Established to account for the construction of the City's sewer and storm drain system. Financing is provided by fees charged to residential and commercial developers.

GRANTS FUND - Established to account for various grants requiring segregated fund accounting. Financing is provided by Federal, State, and local agencies.

ANAHEIM RESORT MAINTENANCE DISTRICT FUND - Established to account for the levy and collection of special assessments to pay the cost of annual maintenance and improvements within the district against those parcels which specifically benefit from the enhanced maintenance and improvements.

NARCOTIC ASSET FORFEITURE FUND - Established to account for funds received from Federal and State agencies which are derived from monies and property seized by the Police Department in drug related incidents. These funds are used to supplement existing resources of the City's law enforcement activities.

REDEVELOPMENT HOUSING SET-ASIDE FUND - Established for the purpose of increasing and improving the community's supply of low and moderate income housing in accordance with the California Community Redevelopment Law. Financing is provided from property tax increment.

DEBT SERVICE FUNDS are used to account for the accumulation of resources and the payment of principal and interest on general debt of the City and related entities.

GENERAL OBLIGATION BONDS FUND - Established to accumulate resources for the payment of principal and interest on general obligation bonds of the City. Debt service is financed by property tax revenues.

REDEVELOPMENT AGENCY FUND - Established to accumulate resources for payment of principal and interest on Redevelopment Agency tax allocation bonds and notes payable. Debt service is financed by property tax increment.

MUNICIPAL FACILITIES FUND - Established to accumulate resources for payment of the principal and interest on the certificates of participation for the Parking Facility Project, Police Facilities Projects, Arena Land Acquisition, and other various acquisitions and capital improvements.

ANAHEIM RESORT IMPROVEMENTS FUND - Established to accumulate resources for payment of the principal and interest on the lease revenue bonds for The Anaheim Resort improvements.

CAPITAL PROJECTS FUNDS are used to account for resources used for the acquisition and construction of capital facilities by the City, except for those financed by proprietary funds.

REDEVELOPMENT AGENCY FUND - Established to account for the acquisition, relocation, demolition, and sale of property for those portions of Anaheim earmarked as in need of redevelopment related activities. Financing is provided by property tax increment and bond proceeds.

OTHER CAPITAL IMPROVEMENTS FUND - Established to account for miscellaneous capital projects as determined by the City Council. Currently, financing is provided by fees from developers for infrastructure improvements and subsidies from the General Fund.

Combining Balance Sheet
Nonmajor Governmental Funds by Fund Type
June 30, 2009 (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,784	\$ 2,912	\$ 7,068	\$ 15,764
Investments	20,310	10,225	24,814	55,349
Accounts receivable, net	2,239	3	5,711	7,953
Accrued interest receivable	138	121	167	426
Notes receivable	21,167		8,940	30,107
Due from other funds	527		23,713	24,240
Due from other governments	31,161	375		31,536
Land held for resale, net	17,398		41,300	58,698
Prepaid and other assets	6,630	3	1,019	7,652
Restricted cash and cash equivalents	267	23,352	7,768	31,387
Restricted investments		36,106	291	36,397
Total assets	<u>\$105,621</u>	<u>\$73,097</u>	<u>\$120,791</u>	<u>\$299,509</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,019	\$ 2,943	\$ 2,476	\$ 9,438
Wages payable	391		84	475
Deposits	20		3,186	3,206
Due to other funds	12,839		18,176	31,015
Deferred revenue	51,771		9,351	61,122
Total liabilities	<u>69,040</u>	<u>2,943</u>	<u>33,273</u>	<u>105,256</u>
Fund balances:				
Reserved for noncurrent due from other funds			10,692	10,692
Reserved for debt service		65,718		65,718
Reserved for land held for resale	17,398		41,300	58,698
Reserved for prepaid and other assets	6,630	3	1,019	7,652
Reserved for grant purposes			17,217	17,217
Reserved for development impact projects			20,002	20,002
Unreserved - designated for debt service		4,433		4,433
Unreserved - designated for capital projects	7,211		4,325	11,536
Unreserved - undesignated	5,342		(7,037)	(1,695)
Total fund balances	<u>36,581</u>	<u>70,154</u>	<u>87,518</u>	<u>194,253</u>
Total liabilities and fund balances	<u>\$105,621</u>	<u>\$73,097</u>	<u>\$120,791</u>	<u>\$299,509</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds by Fund Type
Year Ended June 30, 2009 (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ 4,248	\$ 47,792		\$ 52,040
Licenses, fees and permits	1,102		\$ 1,696	2,798
Intergovernmental revenues	65,254	5	14,491	79,750
Charges for services	147			147
Use of money and property	1,374	1,212	3,450	6,036
Other	869		7,224	8,093
Total revenues	<u>72,994</u>	<u>49,009</u>	<u>26,861</u>	<u>148,864</u>
Expenditures:				
Current:				
City Attorney	120			120
Finance		27		27
Police	5,289		364	5,653
Fire	498		968	1,466
Community Development	17,468	5,300	14,352	37,120
Planning	1,420			1,420
Public Works	6,385		5,798	12,183
Community Services	1,118		406	1,524
Capital outlay	42,128		9,011	51,139
Debt service:				
Principal retirement	94	12,454	560	13,108
Interest and fiscal agent charges	10	33,408	895	34,313
Debt issuance costs		70		70
Total expenditures	<u>74,530</u>	<u>51,259</u>	<u>32,354</u>	<u>158,143</u>
Deficiency of revenues under expenditures	<u>(1,536)</u>	<u>(2,250)</u>	<u>(5,493)</u>	<u>(9,279)</u>
Other financing sources (uses):				
Transfers in	13,392	34,854	18,564	66,810
Transfers out	(6,964)	(27,131)	(2,649)	(36,744)
Issuance of refunding bonds		5,084		5,084
Premium on refunding bonds		94		94
Payment to refunded bond escrow agent		(5,683)		(5,683)
Issuance of loan payable	1,799			1,799
Pollution remediation settlement proceeds			3,848	3,848
Total other financing sources	<u>8,227</u>	<u>7,218</u>	<u>19,763</u>	<u>35,208</u>
Net change in fund balances	6,691	4,968	14,270	25,929
Fund balances at beginning of year	<u>29,890</u>	<u>65,186</u>	<u>73,248</u>	<u>168,324</u>
Fund balances at end of year	<u>\$36,581</u>	<u>\$ 70,154</u>	<u>\$87,518</u>	<u>\$194,253</u>

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009 (In thousands)

	<u>Gas Tax and Roads</u>	<u>Workforce Development</u>	<u>Community Development Block Grant</u>	<u>Community Services Facilities</u>	<u>Sewer and Storm Drain Construction</u>
ASSETS					
Cash and cash equivalents	\$ 86	\$ 5		\$ 893	\$ 955
Investments	301	17		3,135	3,355
Accounts receivable, net	1			1,931	306
Accrued interest receivable			\$ 5	18	25
Notes receivable			4,192		
Due from other funds					
Due from other governments	28,220	275	637	244	
Land held for resale, net					
Prepaid and other assets	6,589	14			
Restricted cash and cash equivalents					
Total assets	<u>\$35,197</u>	<u>\$ 311</u>	<u>\$4,834</u>	<u>\$6,221</u>	<u>\$4,641</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,363	\$ 96	\$ 263	\$ 101	\$ 58
Wages payable	78	38	77	3	2
Deposits					
Due to other funds	11,769	157	313		
Deferred revenue	26,734	275	4,337	1,931	306
Total liabilities	<u>40,944</u>	<u>566</u>	<u>4,990</u>	<u>2,035</u>	<u>366</u>
Fund balances (deficits):					
Reserved for land held for resale					
Reserved for prepaid and other assets	6,589	14			
Unreserved - designated for capital projects					
Unreserved - undesignated	(12,336)	(269)	(156)	4,186	4,275
Total fund balances (deficits)	<u>(5,747)</u>	<u>(255)</u>	<u>(156)</u>	<u>4,186</u>	<u>4,275</u>
Total liabilities and fund balances (deficits)	<u>\$35,197</u>	<u>\$ 311</u>	<u>\$4,834</u>	<u>\$6,221</u>	<u>\$4,641</u>

(continued)

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009 (In thousands) (continued)

	<u>Grants</u>	<u>Anaheim Resort Maintenance District</u>	<u>Narcotic Asset Forfeiture</u>	<u>Redevelopment Housing Set-Aside</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 282	\$1,098	\$ 676	\$ 1,789	\$ 5,784
Investments	992	3,855	2,372	6,283	20,310
Accounts receivable, net				1	2,239
Accrued interest receivable	15	27	19	29	138
Notes receivable	6,483			10,492	21,167
Due from other funds				527	527
Due from other governments	1,744	41			31,161
Land held for resale, net				17,398	17,398
Prepaid and other assets				27	6,630
Restricted cash and cash equivalents	267				267
Total assets	<u>\$9,783</u>	<u>\$5,021</u>	<u>\$3,067</u>	<u>\$36,546</u>	<u>\$105,621</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 139	\$ 183	\$ 61	\$ 755	\$ 4,019
Wages payable	40	14	96	43	391
Deposits				20	20
Due to other funds				600	12,839
Deferred revenue	7,696			10,492	51,771
Total liabilities	<u>7,875</u>	<u>197</u>	<u>157</u>	<u>11,910</u>	<u>69,040</u>
Fund balances (deficits):					
Reserved for land held for resale				17,398	17,398
Reserved for prepaid and other assets				27	6,630
Unreserved - designated for capital projects				7,211	7,211
Unreserved - undesignated	1,908	4,824	2,910		5,342
Total fund balances (deficits)	<u>1,908</u>	<u>4,824</u>	<u>2,910</u>	<u>24,636</u>	<u>36,581</u>
Total liabilities and fund balances (deficits)	<u>\$9,783</u>	<u>\$5,021</u>	<u>\$3,067</u>	<u>\$36,546</u>	<u>\$105,621</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Nonmajor Special Revenue Funds

Year Ended June 30, 2009 (In thousands)

	Gas Tax and Roads	Workforce Development	Community Development Block Grant	Community Services Facilities	Sewer and Storm Drain Construction
Revenues:					
Property taxes					
Licenses, fees and permits	\$ 30			\$ 851	\$ 221
Intergovernmental revenues	37,892	\$3,443	\$5,348	2,190	
Charges for services	145			2	
Use of money and property	5		46	251	141
Other	107	2	201		
Total revenues	<u>38,179</u>	<u>3,445</u>	<u>5,595</u>	<u>3,294</u>	<u>362</u>
Expenditures:					
Current:					
City Attorney			120		
Police					
Fire					
Community Development		3,716	1,847		
Planning			1,420		
Public Works	2,320		14		
Community Services			767	236	
Capital outlay	34,518		607	2,228	334
Debt service:					
Principal retirement				94	
Interest and fiscal agent charges				10	
Total expenditures	<u>36,838</u>	<u>3,716</u>	<u>4,775</u>	<u>2,568</u>	<u>334</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,341</u>	<u>(271)</u>	<u>820</u>	<u>726</u>	<u>28</u>
Other financing sources (uses):					
Transfers in	63		76	820	149
Transfers out	(4,490)	(5)	(399)	(831)	
Issuance of loan payable					
Discount on bonds issued					
Total other financing sources (uses)	<u>(4,427)</u>	<u>(5)</u>	<u>(323)</u>	<u>(11)</u>	<u>149</u>
Net change in fund balances (deficits)	<u>(3,086)</u>	<u>(276)</u>	<u>497</u>	<u>715</u>	<u>177</u>
Fund balances (deficits) at beginning of year	<u>(2,661)</u>	<u>21</u>	<u>(653)</u>	<u>3,471</u>	<u>4,098</u>
Fund balances (deficits) at end of year	<u>\$ (5,747)</u>	<u>\$ (255)</u>	<u>\$ (156)</u>	<u>\$4,186</u>	<u>\$4,275</u>

(continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Special Revenue Funds
Year Ended June 30, 2008 (In thousands) (continued)

	<u>Grants</u>	<u>Anaheim Resort Maintenance District</u>	<u>Narcotic Asset Forfeiture</u>	<u>Redevelopment Housing Set-Aside</u>	<u>Total</u>
Revenues:					
Property taxes		\$4,248			\$ 4,248
Licenses, fees and permits					1,102
Intergovernmental revenues	\$14,743		\$1,638		65,254
Charges for services					147
Use of money and property	97	150	117	\$ 567	1,374
Other	147		24	388	869
Total revenues	<u>14,987</u>	<u>4,398</u>	<u>1,779</u>	<u>955</u>	<u>72,994</u>
Expenditures:					
Current:					
City Attorney					120
Police	2,898		2,391		5,289
Fire	498				498
Community Development	2,053			9,852	17,468
Planning					1,420
Public Works		4,051			6,385
Community Services	115				1,118
Capital outlay	525		2,174	1,742	42,128
Debt service:					
Principal retirement					94
Interest and fiscal agent charges					10
Total expenditures	<u>6,089</u>	<u>4,051</u>	<u>4,565</u>	<u>11,594</u>	<u>74,530</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,898</u>	<u>347</u>	<u>(2,786)</u>	<u>(10,639)</u>	<u>(1,536)</u>
Other financing sources (uses):					
Transfers in	26	211		12,047	13,392
Transfers out	(147)			(1,092)	(6,964)
Issuance of loan payable			1,799		1,799
Total other financing sources (uses)	<u>(121)</u>	<u>211</u>	<u>1,799</u>	<u>10,955</u>	<u>8,227</u>
Net change in fund balances (deficits)	8,777	558	(987)	316	6,691
Fund balances (deficits) at beginning of year	(6,869)	4,266	3,897	24,320	29,890
Fund balances (deficits) at end of year	<u>\$ 1,908</u>	<u>\$4,824</u>	<u>\$2,910</u>	<u>\$ 24,636</u>	<u>\$36,581</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds
Year Ended June 30, 2009 (In thousands)

	Gas Tax and Roads			Workforce Development		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes						
Licenses, fees and permits	\$ 130	\$ 30	\$ (100)			
Intergovernmental revenues	59,743	37,892	(21,851)	\$7,462	\$3,443	\$(4,019)
Charges for services	133	145	12			
Use of money and property	188	5	(183)			
Other	8	107	99		2	2
Total revenues	<u>60,202</u>	<u>38,179</u>	<u>(22,023)</u>	<u>7,462</u>	<u>3,445</u>	<u>(4,017)</u>
Expenditures:						
City Attorney						
Police						
Fire						
Community Development				7,884	3,716	(4,168)
Planning						
Public Works	61,740	36,838	(24,902)			
Community Services						
Total expenditures	<u>61,740</u>	<u>36,838</u>	<u>(24,902)</u>	<u>7,884</u>	<u>3,716</u>	<u>(4,168)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,538)</u>	<u>1,341</u>	<u>2,879</u>	<u>(422)</u>	<u>(271)</u>	<u>151</u>
Other financing sources (uses):						
Transfers in	63	63				
Transfers out	(5,490)	(4,490)	1,000		(5)	(5)
Issuance of bonds						
Discount on bonds issued						
Total other financing sources (uses)	<u>(5,427)</u>	<u>(4,427)</u>	<u>1,000</u>	<u></u>	<u>(5)</u>	<u>(5)</u>
Net change in fund balances (deficits)	(6,965)	(3,086)	3,879	(422)	(276)	146
Fund balances (deficits) at beginning of year	(2,661)	(2,661)		21	21	
Fund balances (deficits) at end of year	<u><u>\$ (9,626)</u></u>	<u><u>(5,747)</u></u>	<u><u>\$ 3,879</u></u>	<u><u>\$ (401)</u></u>	<u><u>(255)</u></u>	<u><u>\$ 146</u></u>
Adjustments to reconcile to GAAP:						
Proceeds on sale of land held for resale						
Purchase deposits on land held for resale						
Purchase of land held for resale						
Decline in value of land held for resale						
Ending fund balances (deficit) – GAAP basis		<u><u>\$ (5,747)</u></u>			<u><u>\$ (255)</u></u>	

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds
Year Ended June 30, 2009 (In thousands) (continued)

	Community Development Block Grant			Community Services Facilities		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes				\$ 1,068	\$ 851	\$ (217)
Licenses, fees and permits				3,842	2,190	(1,652)
Intergovernmental revenues	\$11,391	\$5,348	\$(6,043)		2	2
Charges for services				56	251	195
Use of money and property	85	46	(39)			
Other	400	201	(199)			
Total revenues	<u>11,876</u>	<u>5,595</u>	<u>(6,281)</u>	<u>4,966</u>	<u>3,294</u>	<u>(1,672)</u>
Expenditures:						
City Attorney	120	120				
Police						
Fire						
Community Development	8,157	2,205	(5,952)			
Planning	1,420	1,420				
Public Works	948	263	(685)			
Community Services	995	767	(228)	7,220	2,568	(4,652)
Total expenditures	<u>11,640</u>	<u>4,775</u>	<u>(6,865)</u>	<u>7,220</u>	<u>2,568</u>	<u>(4,652)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>236</u>	<u>820</u>	<u>584</u>	<u>(2,254)</u>	<u>726</u>	<u>2,980</u>
Other financing sources (uses):						
Transfers in	37	76	39		820	820
Transfers out	(400)	(399)	1		(831)	(831)
Issuance of bonds						
Discount on bonds issued						
Total other financing sources (uses)	<u>(363)</u>	<u>(323)</u>	<u>40</u>		<u>(11)</u>	<u>(11)</u>
Net change in fund balances (deficits)	<u>(127)</u>	<u>497</u>	<u>624</u>	<u>(2,254)</u>	<u>715</u>	<u>2,969</u>
Fund balances (deficits) at beginning of year	<u>(653)</u>	<u>(653)</u>		<u>3,471</u>	<u>3,471</u>	
Fund balances (deficits) at end of year	<u>\$ (780)</u>	<u>(156)</u>	<u>\$ 624</u>	<u>\$ 1,217</u>	<u>4,186</u>	<u>\$ 2,969</u>
Adjustments to reconcile to GAAP:						
Proceeds on sale of land held for resale						
Purchase deposits on land held for resale						
Purchase of land held for resale						
Decline in value of land held for resale						
Ending fund balances (deficit) – GAAP basis		<u>\$ (156)</u>			<u>\$4,186</u>	

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds
Year Ended June 30, 2009 (In thousands) (continued)

	Sewer and Storm Drain Construction			Grants		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes	\$ 220	\$ 221	\$ 1			
Licenses, fees and permits				\$25,599	\$14,743	\$(10,856)
Intergovernmental revenues						
Charges for services	47	141	94	74	97	23
Use of money and property				88	147	59
Other						
Total revenues	<u>267</u>	<u>362</u>	<u>95</u>	<u>25,761</u>	<u>14,987</u>	<u>\$(10,774)</u>
Expenditures:						
City Attorney						
Police				17,999	3,392	(14,607)
Fire				718	498	(220)
Community Development				3,966	2,053	(1,913)
Planning						
Public Works	951	334	(617)			
Community Services				1,789	146	(1,643)
Total expenditures	<u>951</u>	<u>334</u>	<u>(617)</u>	<u>24,472</u>	<u>6,089</u>	<u>(18,383)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(684)</u>	<u>28</u>	<u>712</u>	<u>1,289</u>	<u>8,898</u>	<u>7,609</u>
Other financing sources (uses):						
Transfers in		149	149		26	26
Transfers out					(147)	(147)
Issuance of bonds						
Discount on bonds issued						
Total other financing sources (uses)		<u>149</u>	<u>149</u>		<u>(121)</u>	<u>(121)</u>
Net change in fund balances (deficits)	<u>(684)</u>	<u>177</u>	<u>861</u>	<u>1,289</u>	<u>8,777</u>	<u>7,488</u>
Fund balances (deficits) at beginning of year	<u>4,098</u>	<u>4,098</u>		<u>(6,869)</u>	<u>(6,869)</u>	
Fund balances (deficits) at end of year	<u><u>\$3,414</u></u>	<u><u>4,275</u></u>	<u><u>\$ 861</u></u>	<u><u>\$ (5,580)</u></u>	<u><u>1,908</u></u>	<u><u>\$ 7,488</u></u>
Adjustments to reconcile to GAAP:						
Proceeds on sale of land held for resale						
Purchase deposits on land held for resale						
Purchase of land held for resale						
Decline in value of land held for resale						
Ending fund balances – GAAP basis		<u><u>\$4,275</u></u>			<u><u>\$ 1,908</u></u>	

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds
Year Ended June 30, 2009 (In thousands) (continued)

	Anaheim Resort Maintenance District			Narcotic Asset Forfeiture		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes	\$4,249	\$4,248	\$ (1)			
Licenses, fees and permits						
Intergovernmental revenues				\$ 1,100	\$1,638	\$ 538
Charges for services						
Use of money and property	127	150	23	53	117	64
Other	4		(4)		24	24
Total revenues	<u>4,380</u>	<u>4,398</u>	<u>18</u>	<u>1,153</u>	<u>1,779</u>	<u>626</u>
Expenditures:						
City Attorney						
Police				2,998	2,766	(232)
Fire						
Community Development						
Planning						
Public Works	4,560	4,051	(509)			
Community Services						
Total expenditures	<u>4,560</u>	<u>4,051</u>	<u>(509)</u>	<u>2,998</u>	<u>2,766</u>	<u>(232)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(180)</u>	<u>347</u>	<u>527</u>	<u>(1,845)</u>	<u>(987)</u>	<u>858</u>
Other financing sources (uses):						
Transfers in	211	211				
Transfers out						
Issuance of loan payable						
Discount on bonds issued						
Total other financing sources	<u>211</u>	<u>211</u>				
Net change in fund balances (deficits)	31	558	527	(1,845)	(987)	858
Fund balances (deficits) at beginning of year	<u>4,266</u>	<u>4,266</u>		<u>3,897</u>	<u>3,897</u>	
Fund balances (deficits) at end of year	<u>\$4,297</u>	<u>4,824</u>	<u>\$ 527</u>	<u>\$ 2,052</u>	<u>2,910</u>	<u>\$ 858</u>
Adjustments to reconcile to GAAP:						
Proceeds on sale of land held for resale						
Purchase deposits on land held for resale						
Purchase of land held for resale						
Decline in value of land held for resale						
Ending fund balances (deficit) – GAAP basis		<u>\$4,824</u>			<u>\$2,910</u>	

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds
Year Ended June 30, 2009 (In thousands) (continued)

	Redevelopment Housing Set-Aside		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes			
Licenses, fees and permits			
Intergovernmental revenues			
Charges for services			
Use of money and property	\$ 2,330	\$ 567	\$(1,763)
Other	105	388	283
Total revenues	<u>2,435</u>	<u>955</u>	<u>(1,480)</u>
Expenditures:			
City Attorney			
Police			
Fire			
Community Development	12,471	11,561	(910)
Planning			
Public Works			
Community Services			
Total expenditures	<u>12,471</u>	<u>11,561</u>	<u>(910)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,036)</u>	<u>(10,606)</u>	<u>(570)</u>
Other financing sources (uses):			
Transfers in	11,205	12,047	842
Transfers out	(144)	(1,092)	(948)
Issuance of bonds			
Discount on bonds issued			
Total other financing sources (uses)	<u>11,061</u>	<u>10,955</u>	<u>(106)</u>
Net change in fund balances	1,025	349	(676)
Fund balances (deficits) at beginning of year	<u>24,320</u>	<u>24,320</u>	
Fund balances (deficits) at end of year	<u>\$ 25,345</u>	<u>24,669</u>	<u>\$ (676)</u>
Adjustments to reconcile to GAAP:			
Proceeds on sale of land held for resale			
Purchase deposits on land held for resale			
Purchases of land held for resale		3,881	
Conversion of land held for resale to capital assets		(1,043)	
Decline in value of land held for resale		(2,871)	
Ending fund balances – GAAP basis		<u>\$ 24,636</u>	

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2009 (In thousands)

	<u>General Obligation Bonds</u>	<u>Redevelopment Agency</u>	<u>Municipal Facilities</u>	<u>Anaheim Resort Improvements</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$141	\$ 2,725	\$ 46		\$ 2,912
Investments	496	9,568	161		10,225
Accounts receivable, net		3			3
Accrued interest receivable	3	96	20	\$ 2	121
Due from other governments	15	360			375
Prepaid and other assets		3			3
Restricted cash and cash equivalents		9,965	533	12,854	23,352
Restricted investments			<u>1,875</u>	<u>34,231</u>	<u>36,106</u>
Total assets	<u>\$655</u>	<u>\$22,720</u>	<u>\$2,635</u>	<u>\$47,087</u>	<u>\$73,097</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable		\$ 2,937	\$ 6		\$ 2,943
Total liabilities		<u>2,937</u>	<u>6</u>		<u>2,943</u>
Fund balances:					
Reserved for debt service	\$655	15,347	2,629	\$47,087	65,718
Reserved for prepaid and other assets		3			3
Unreserved - designated for debt service		<u>4,433</u>			<u>4,433</u>
Total fund balances	<u>655</u>	<u>19,783</u>	<u>2,629</u>	<u>47,087</u>	<u>70,154</u>
Total liabilities and fund balances	<u>\$655</u>	<u>\$22,720</u>	<u>\$2,635</u>	<u>\$47,087</u>	<u>\$73,097</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended June 30, 2009 (In thousands)

	<u>General Obligation Bonds</u>	<u>Redevelopment Agency</u>	<u>Municipal Facilities</u>	<u>Anaheim Resort Improvements</u>	<u>Total</u>
Revenues:					
Property taxes	\$677	\$ 47,115			\$ 47,792
Intergovernmental revenues	5				5
Use of money and property	14	989	\$ 147	\$ 62	1,212
Total revenues	<u>696</u>	<u>48,104</u>	<u>147</u>	<u>62</u>	<u>49,009</u>
Expenditures:					
Current:					
Finance				27	27
Community Development		5,300			5,300
Debt service:					
Principal retirement	470	2,331	3,388	6,265	12,454
Interest and fiscal agent charges	218	11,790	1,230	20,170	33,408
Bond issuance costs			70		70
Total expenditures	<u>688</u>	<u>19,421</u>	<u>4,688</u>	<u>26,462</u>	<u>51,259</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8</u>	<u>28,683</u>	<u>(4,541)</u>	<u>(26,400)</u>	<u>(2,250)</u>
Other financing sources (uses):					
Transfers in		1,143	2,143	31,568	34,854
Transfers out		(27,131)			(27,131)
Issuance of refunding bonds			5,084		5,084
Premium on refunding bonds			94		94
Payment to refunded bond escrow agent			(5,683)		(5,683)
Total other financing sources (uses)	<u>—</u>	<u>(25,988)</u>	<u>1,638</u>	<u>31,568</u>	<u>7,218</u>
Net change in fund balances	8	2,695	(2,903)	5,168	4,968
Fund balances at beginning of year	647	17,088	5,532	41,919	65,186
Fund balances at end of year	<u>\$655</u>	<u>\$ 19,783</u>	<u>\$ 2,629</u>	<u>\$ 47,087</u>	<u>\$ 70,154</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Budgetary Basis Actual – All Debt Service Funds
Year Ended June 30, 2009 (In thousands)

	General Obligation Bonds			Redevelopment Agency		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes	\$688	\$677	\$(11)	\$ 44,910	\$ 47,115	\$ 2,205
Intergovernmental revenues		5	5			
Use of money and property		14	14	616	989	373
Other						
Total revenues	<u>688</u>	<u>696</u>	<u>8</u>	<u>45,526</u>	<u>48,104</u>	<u>2,578</u>
Expenditures:						
Finance						
Police						
Community Development				19,421	19,421	
Public Works	688	688				
Convention, Sports and Entertainment						
Total expenditures	<u>688</u>	<u>688</u>		<u>19,421</u>	<u>19,421</u>	
Excess (deficiency) of revenues over (under) expenditures		<u>8</u>	<u>8</u>	<u>26,105</u>	<u>28,683</u>	<u>2,578</u>
Other financing sources (uses):						
Transfers in				2,458	1,143	(1,315)
Transfers out				(28,943)	(27,131)	1,812
Issuance of refunding bonds						
Premium on refunding bonds						
Payment to refunded bond escrow agent						
Total other financing sources (uses)				<u>(26,485)</u>	<u>(25,988)</u>	<u>497</u>
Net change in fund balances		8	8	(380)	2,695	3,075
Fund balances at beginning of year	<u>647</u>	<u>647</u>		<u>17,088</u>	<u>17,088</u>	
Fund balances at end of year	<u>\$647</u>	<u>\$655</u>	<u>\$ 8</u>	<u>\$ 16,708</u>	<u>\$ 19,783</u>	<u>\$ 3,075</u>

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Budgetary Basis Actual – All Debt Service Funds
Year Ended June 30, 2009 (In thousands) (continued)

	Municipal Facilities			Anaheim Resort Improvements		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes						
Intergovernmental revenues						
Use of money and property	\$ 149	\$ 147	\$ (2)	\$ 350	\$ 62	\$ (288)
Other						
Total revenues	<u>149</u>	<u>147</u>	<u>(2)</u>	<u>350</u>	<u>62</u>	<u>(288)</u>
Expenditures:						
Finance				26,462	26,462	
Police	2,043	2,032	(11)			
Community Development	269	269				
Public Works	668	668				
Convention, Sports and Entertainment	<u>1,719</u>	<u>1,719</u>				
Total expenditures	<u>4,699</u>	<u>4,688</u>	<u>(11)</u>	<u>26,462</u>	<u>26,462</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(4,550)</u>	<u>(4,541)</u>	<u>9</u>	<u>(26,112)</u>	<u>(26,400)</u>	<u>(288)</u>
Other financing sources (uses):						
Transfers in	2,143	2,143		39,174	31,568	(7,606)
Transfers out						
Issuance of refunding bonds	5,084	5,084				
Premium on refunding bonds	94	94				
Payment to refunded bond escrow agent	<u>(5,683)</u>	<u>(5,683)</u>				
Total other financing sources (uses)	<u>1,638</u>	<u>1,638</u>		<u>39,174</u>	<u>31,568</u>	<u>(7,606)</u>
Net change in fund balances	<u>(2,912)</u>	<u>(2,903)</u>	<u>9</u>	<u>13,062</u>	<u>5,168</u>	<u>(7,894)</u>
Fund balances at beginning of year	<u>5,532</u>	<u>5,532</u>		<u>41,919</u>	<u>41,919</u>	
Fund balances at end of year	<u>\$ 2,620</u>	<u>\$ 2,629</u>	<u>\$ 9</u>	<u>\$ 54,981</u>	<u>\$ 47,087</u>	<u>\$(7,894)</u>

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2009 (In thousands)

	Redevelopment Agency	Other Capital Improvements	Total
ASSETS			
Cash and cash equivalents	\$ 1,148	\$ 5,920	\$ 7,068
Investments	4,031	20,783	24,814
Accounts receivable, net	87	5,624	5,711
Accrued interest receivable	2	165	167
Notes receivable	8,940		8,940
Due from other funds	2,850	20,863	23,713
Land held for resale, net	41,300		41,300
Prepaid and other assets	1,019		1,019
Restricted cash and cash equivalents	7,645	123	7,768
Restricted investments		291	291
Total assets	<u>\$67,022</u>	<u>\$53,769</u>	<u>\$120,791</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,316	\$ 1,160	\$ 2,476
Wages payable	69	15	84
Deposits	3,186		3,186
Due to other funds	16,396	1,780	18,176
Deferred revenue	8,993	358	9,351
Total liabilities	<u>29,960</u>	<u>3,313</u>	<u>33,273</u>
Fund balances:			
Reserved for noncurrent due from other funds	1,780	8,912	10,692
Reserved for land held for resale	41,300		41,300
Reserved for prepaid and other assets	1,019		1,019
Reserved for grant purposes		17,217	17,217
Reserved for development impact projects		20,002	20,002
Unreserved - designated for capital projects		4,325	4,325
Unreserved - undesignated	(7,037)		(7,037)
Total fund balances	<u>37,062</u>	<u>50,456</u>	<u>87,518</u>
Total liabilities and fund balances	<u>\$67,022</u>	<u>\$53,769</u>	<u>\$120,791</u>

**Combining Statement of Revenues, Expenditures and Changes
in Fund Balances – Nonmajor Capital Projects Funds
Year Ended June 30, 2009** (In thousands)

	<u>Redevelopment Agency</u>	<u>Other Capital Improvements</u>	<u>Total</u>
Revenues:			
Licenses, fees and permits		\$ 1,696	\$ 1,696
Intergovernmental revenues	\$ 33	14,458	14,491
Use of money and property	1,972	1,478	3,450
Other	<u>2,558</u>	<u>4,666</u>	<u>7,224</u>
Total revenues	<u>4,563</u>	<u>22,298</u>	<u>26,861</u>
Expenditures:			
Current:			
Police		364	364
Fire		968	968
Community Development	14,352		14,352
Public Works		5,798	5,798
Community Services		406	406
Capital outlay	3,596	5,415	9,011
Debt service:			
Principal retirement		560	560
Interest and fiscal agent charges	<u>373</u>	<u>522</u>	<u>895</u>
Total expenditures	<u>18,321</u>	<u>14,033</u>	<u>32,354</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,758)</u>	<u>8,265</u>	<u>(5,493)</u>
Other financing sources (uses):			
Transfers in	17,405	1,159	18,564
Transfers out	(1,680)	(969)	(2,649)
Pollution remediation settlement proceeds	<u>3,848</u>		<u>3,848</u>
Total other financing sources	<u>19,573</u>	<u>190</u>	<u>19,763</u>
Net change in fund balances	5,815	8,455	14,270
Fund balances at beginning of year	<u>31,247</u>	<u>42,001</u>	<u>73,248</u>
Fund balances at end of year	<u>\$ 37,062</u>	<u>\$50,456</u>	<u>\$87,518</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Budgetary Basis Actual – All Capital Projects Funds
Year Ended June 30, 2009 (In thousands)

	Redevelopment Agency			Other Capital Improvements		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits				\$ 7,784	\$ 1,696	\$ (6,088)
Intergovernmental revenues	\$ 200	\$ 33	\$ (167)	38,523	14,458	(24,065)
Use of money and property	24,173	2,421	(21,752)	61	1,478	1,417
Other	56	2,558	2,502	225	4,666	4,441
Total revenues	<u>24,429</u>	<u>5,012</u>	<u>(19,417)</u>	<u>46,593</u>	<u>22,298</u>	<u>(24,295)</u>
Expenditures:						
Police				386	381	(5)
Fire				1,133	968	(165)
Community Development	45,411	15,159	(30,252)	1,086	1,082	(4)
Public Works				45,380	10,072	(35,308)
Community Services				9,688	1,530	(8,158)
Convention, Sports and Entertainment						
Total expenditures	<u>45,411</u>	<u>15,159</u>	<u>(30,252)</u>	<u>57,673</u>	<u>14,033</u>	<u>(43,640)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,982)</u>	<u>(10,147)</u>	<u>10,835</u>	<u>(11,080)</u>	<u>8,265</u>	<u>19,345</u>
Other financing sources (uses):						
Transfers in	17,743	17,405	(338)	1,159	1,159	
Transfers out	(2,066)	(1,680)	386	(360)	(969)	(609)
Pollution remediation settlement proceeds	5,000	3,848	(1,152)			
Total other financing sources (uses)	<u>20,677</u>	<u>19,573</u>	<u>(1,104)</u>	<u>799</u>	<u>190</u>	<u>(609)</u>
Net change in fund balances	(305)	9,426	9,731	(10,281)	8,455	18,736
Fund balances at beginning of year	<u>31,247</u>	<u>31,247</u>		<u>42,001</u>	<u>42,001</u>	
Fund balances at end of year	<u>\$ 30,942</u>	<u>40,673</u>	<u>\$ 9,731</u>	<u>\$ 31,720</u>	<u>50,456</u>	<u>\$ 18,736</u>
Adjustments to reconcile to GAAP:						
Proceeds on sale of land held for resale		(449)				
Purchases of land held for resale		1,608				
Conversion of land held for resale to capital assets		(953)				
Decline in value of land held for resale		(3,329)				
Loss on deposition of land held for resale		(488)				
Ending fund balance – GAAP basis		<u>\$ 37,062</u>			<u>\$50,456</u>	

INTERNAL SERVICE FUNDS



INTERNAL SERVICE
FUNDS

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS are used to account for the financing of centralized services to City departments on a cost-reimbursement basis (including depreciation).

GENERAL BENEFITS AND INSURANCE FUND - Established to account for employee compensated absences, retirement and health benefits, and self-insurance programs.

MOTORIZED EQUIPMENT FUND - Established to account for motorized equipment used by City departments.

DUPLICATING AND PRINTING FUND - Established to account for central duplicating, printing and mailing services provided to City departments.

INFORMATION SERVICES FUND - Established to account for data processing services to City departments.

MUNICIPAL FACILITIES MAINTENANCE - Established to account for City office maintenance services and equipment used by City departments.

Combining Statement of Fund Net Assets

Internal Service Funds

June 30, 2009 (In thousands)

	General Benefits and Insurance	Motorized Equipment	Duplicating and Printing	Information Services	Municipal Facilities Maintenance	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$14,519	\$ 1,087	\$ 130	\$ 1,243	\$ 1,045	\$ 18,024
Investments	50,977	3,815	456	4,365	3,671	63,284
Accounts receivable, net	2,121	88			2	2,211
Accrued interest receivable	408	28	3	41	24	504
Interfund receivable	13					13
Inventories		657				657
Prepaid and other assets	72			1		73
Total current assets	68,110	5,675	589	5,650	4,742	84,766
Noncurrent assets:						
Accounts receivable, less current portion	784					784
Interfund receivable, less current portion	70					70
Restricted cash and cash equivalents		395				395
Unamortized debt issuance costs		8				8
Net other post-employment benefits (OPEB) asset	9,341					9,341
Capital assets:						
Buildings and improvements		3,230			3,449	6,679
Equipment	81	44,038	487	18,605	3,739	66,950
Less accumulated depreciation	(81)	(30,914)	(478)	(11,737)	(4,299)	(47,509)
Capital assets, net		16,354	9	6,868	2,889	26,120
Total noncurrent assets	10,195	16,757	9	6,868	2,889	36,718
Total assets	78,305	22,432	598	12,518	7,631	121,484
LIABILITIES						
Current liabilities:						
Accounts payable	2,796	969	49	1,766	398	5,978
Wages payable	3,720	87	7	5	83	3,902
Interest payable		22				22
Compensated absences	18,454					18,454
Self-insurance liability	8,381					8,381
Long-term debt		279		536		815
Unearned revenues	974					974
Total current liabilities	34,325	1,357	56	2,307	481	38,526
Noncurrent liabilities:						
Self-insurance liability, less current portion	25,607					25,607
Long-term obligations, less current portion		535		458		993
Total noncurrent liabilities	25,607	535		458		26,600
Total liabilities	59,932	1,892	56	2,765	481	65,126
FUND NET ASSETS						
Invested in capital assets, net of related debt		15,943	9	5,874	2,889	24,715
Restricted for net other post-employment benefits (OPEB) asset	9,341					9,341
Unrestricted	9,032	4,597	533	3,879	4,261	22,302
Total fund net assets	\$18,373	\$ 20,540	\$ 542	\$ 9,753	\$ 7,150	\$ 56,358

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
Year Ended June 30, 2009 (In thousands)

	<u>General Benefits and Insurance</u>	<u>Motorized Equipment</u>	<u>Duplicating and Printing</u>	<u>Information Services</u>	<u>Municipal Facilities Maintenance</u>	<u>Total</u>
Operating revenues:						
Charges for services	\$114,710	\$12,864	\$1,676	\$14,088	\$9,333	\$152,671
Other	413	25		2	43	483
Total operating revenues	<u>115,123</u>	<u>12,889</u>	<u>1,676</u>	<u>14,090</u>	<u>9,376</u>	<u>153,154</u>
Operating expenses:						
Salaries and wages	3,270	3,826	353	280	3,576	11,305
Maintenance and operations	2,384	5,070	1,318	11,926	5,553	26,251
Insurance premiums and claims	7,814					7,814
Compensated absences and other benefits	107,453					107,453
Depreciation	2	3,894	9	3,101	235	7,241
Total operating expenses	<u>120,923</u>	<u>12,790</u>	<u>1,680</u>	<u>15,307</u>	<u>9,364</u>	<u>160,064</u>
Operating income (loss)	<u>(5,800)</u>	<u>99</u>	<u>(4)</u>	<u>(1,217)</u>	<u>12</u>	<u>(6,910)</u>
Nonoperating income (expenses):						
Interest income	2,412	185	19	219	128	2,963
Interest expense		(85)		(64)		(149)
Loss from disposal of capital assets		(199)		(2)		(201)
Total nonoperating income	<u>2,412</u>	<u>(99)</u>	<u>19</u>	<u>153</u>	<u>128</u>	<u>2,613</u>
Income (loss) before transfers	<u>(3,388)</u>		<u>15</u>	<u>(1,064)</u>	<u>140</u>	<u>(4,297)</u>
Transfers in	15	87	10	20	143	275
Transfers out	<u>(3,458)</u>	<u>(3,502)</u>			<u>(994)</u>	<u>(7,954)</u>
Change in fund net assets	<u>(6,831)</u>	<u>(3,415)</u>	<u>25</u>	<u>(1,044)</u>	<u>(711)</u>	<u>(11,976)</u>
Fund net assets at beginning of year	<u>25,204</u>	<u>23,955</u>	<u>517</u>	<u>10,797</u>	<u>7,861</u>	<u>68,334</u>
Fund net assets at end of year	<u>\$ 18,373</u>	<u>\$20,540</u>	<u>\$ 542</u>	<u>\$ 9,753</u>	<u>\$7,150</u>	<u>\$ 56,358</u>

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2009 (In thousands)

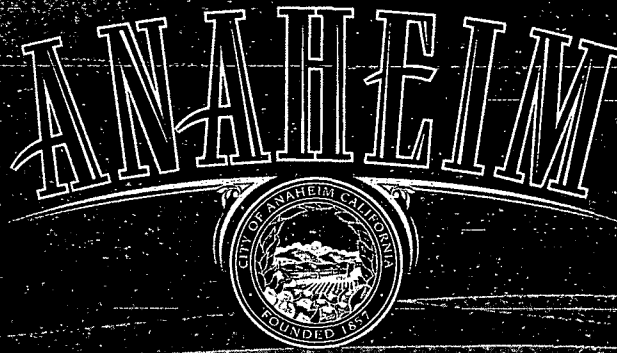
	General Benefits and Insurance	Motorized Equipment	Duplicating and Printing	Information Services	Municipal Facilities Maintenance	Total
Cash flows from operating activities:						
Receipts from interfund services provided	\$ 114,710	\$12,864	\$ 1,676	\$ 14,088	\$ 9,333	\$ 152,671
Payments to suppliers	(961)	(4,533)	(1,270)	(10,312)	(4,799)	(21,875)
Payments for salaries and wages to employees	(2,871)	(3,827)	(353)	(283)	(3,562)	(10,896)
Payments for interfund services used	(1,509)	(178)	(85)	(741)	(779)	(3,292)
Payments for insurance premiums and claims	(5,814)					(5,814)
Payments for compensated absences and other benefits	(107,223)					(107,223)
Other receipts	301	114		2	42	459
Net cash provided by (used in) operating activities	(3,367)	4,440	(32)	2,754	235	4,030
Cash flows from noncapital financing activities:						
Payment of interfund balances	(13)					(13)
Transfer in	15	87	10	20	143	275
Transfer out	(3,458)	(3,502)			(994)	(7,954)
Net cash provided by (used in) noncapital financing activities	(3,456)	(3,415)	10	20	(851)	(7,692)
Cash flows from capital and related financing activities:						
Proceeds from sale of capital assets		293				293
Capital purchases		(4,178)		(919)	(6)	(5,103)
Proceeds from borrowing, net of premium		905				905
Transfer to escrow agent		(994)				(994)
Issuance costs		(12)				(12)
Principal payments on long-term debt		(261)		(1,159)		(1,420)
Interest payments		(46)		(64)		(110)
Net cash used in capital and related financing activities		(4,293)		(2,142)	(6)	(6,441)
Cash flows from investing activities:						
Purchase of investment securities	(50,666)	(2,002)	(482)	(5,202)	(3,563)	(61,915)
Proceeds from sale and maturity of investment securities	46,681	3,966	422	4,038	3,396	58,503
Interest received	2,827	218	21	233	145	3,444
Net cash provided by (used in) investing activities	(1,158)	2,182	(39)	(931)	(22)	32
Decrease in cash and cash equivalents	(7,981)	(1,086)	(61)	(299)	(644)	(10,071)
Cash and cash equivalents at beginning of the year	22,500	2,568	191	1,542	1,689	28,490
Cash and cash equivalents at end of the year	\$ 14,519	\$ 1,482	\$ 130	\$ 1,243	\$ 1,045	\$ 18,419

(continued)

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2009 (In thousands) (continued)

	General Benefits and Insurance	Motorized Equipment	Duplicating and Printing	Information Services	Municipal Facilities Maintenance	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (5,800)	\$ 99	\$ (4)	\$ (1,217)	\$ 12	\$ (6,910)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	2	3,894	9	3,101	235	7,241
Changes in assets and liabilities:						
Accounts receivable	422	(43)			(1)	378
Inventories		132				132
Prepaid and other assets	(31)			(1)		(32)
Accounts payable	384	359	(37)	874	(25)	1,555
Wages payable	548	(1)		(3)	14	558
Unearned revenues	60					60
Compensated absences	1,136					1,136
Self-insurance liability	63					63
Other post retirement employment benefits (OPEB) assets	(151)					(151)
Total adjustments	2,433	4,341	(28)	3,971	223	10,940
Net cash provided by (used in) operating activities	\$ (3,367)	\$ 4,440	\$ (32)	\$ 2,754	\$ 235	\$ 4,030
Schedule of noncash financing and investing activities:						
Capital assets financed through capital leases				\$ 317		\$ 317
Increase in fair value of investments	\$ 302	\$ 16				318
Reconciliation of cash and cash equivalents:						
Cash and cash equivalents	\$ 14,519	\$ 1,087	\$ 130	\$ 1,243	\$ 1,045	\$ 18,024
Restricted cash and cash equivalents		395				395
Total cash and cash equivalents	\$ 14,519	\$ 1,482	\$ 130	\$ 1,243	\$ 1,045	\$ 18,419

FIDUCIARY FUNDS



Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund – Mello-Roos
Year Ended June 30, 2009 (In thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ASSETS				
Restricted cash and cash equivalents	\$3,912	\$3,229	\$(3,276)	\$3,865
Restricted investments	621			621
Due from other governments	62	3,184	(3,176)	70
Total assets	<u>\$4,595</u>	<u>\$6,413</u>	<u>\$(6,452)</u>	<u>\$4,556</u>
LIABILITIES				
Due to bond holders	<u>\$4,595</u>	<u>\$3,237</u>	<u>\$(3,276)</u>	<u>\$4,556</u>



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STATISTICAL SECTION

ANAHEIM



STATISTICAL
SECTION

STATISTICAL SECTION

The Statistical Section is included to provide detailed data on the physical, economic, social and political characteristics of the reporting government. It is intended to provide the user with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements and supplementary information included in the Financial Section.

STATISTICAL SECTION

(Unaudited)

The Statistical Section is included to provide financial statement users with additional historical perspective, context, and detail for use in evaluating the information contained within the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the user a better understanding of the City's economic condition.

Contents

Page

Financial trends

These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.

Net Assets by Component – Last Eight Fiscal Years	94
Changes in Net Assets – Last Eight Fiscal Years	95
Governmental Activities Tax Revenues by Source – Last Eight Fiscal Years	97
Fund Balances of Governmental Funds – Last Ten Fiscal Years	98
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	99

Revenue capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

General Government Tax Revenues by Source – Last Ten Fiscal Years	100
Assessed Value of Taxable Property – Last Ten Fiscal Years	101
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	102
Principal Property Tax Payers – Last Ten Fiscal Years	103
Property Tax Levies and Collections – Last Ten Fiscal Years	105

Debt capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	106
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	107
Direct and Overlapping Governmental Activities Debt – As of June 30, 2009	108
Legal Debt Margin – Last Ten Fiscal Years	110
Pledged-Revenue Coverage – Last Ten Fiscal Years	111

Demographic and economic information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Demographic and Economic Statistics – Last Ten Fiscal Years	113
Principal Employers – Last Six Fiscal Years	114

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial statements relate to the services the City provides and the activities it performs.

Full-time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	115
Operating Indicators by Function – Last Six Fiscal Years	116
Capital Assets Statistics by Function – Last Six Fiscal Years	118
City of Anaheim Map	120

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant fiscal year.

Net Assets by Component

Last Eight Fiscal Years (In thousands)

(Accrual basis of accounting)

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities								
Invested in capital assets, net of related debt	\$ 753,409	\$ 733,305	\$ 667,414	\$ 668,628	\$ 613,300	\$ 584,875	\$ 522,073	\$ 516,931
Restricted	154,306	87,566	69,949	99,443	87,505	111,344	112,168	138,241
Unrestricted	(92,773)	(70,621)	(33,187)	(61,368)	(56,074)	(66,860)	(14,286)	(25,751)
Total Governmental Activities	<u>814,942</u>	<u>750,250</u>	<u>704,176</u>	<u>706,703</u>	<u>644,731</u>	<u>629,359</u>	<u>619,955</u>	<u>629,421</u>
Business-type Activities								
Invested in capital assets, net of related debt	754,157	752,632	707,119	660,769	697,647	673,244	666,361	639,652
Restricted	45,493	47,406	38,572	36,008	28,855	26,187	33,188	30,849
Unrestricted	145,269	165,196	203,967	215,685	229,051	242,888	232,569	248,968
Total Business-type Activities	<u>944,919</u>	<u>965,234</u>	<u>949,658</u>	<u>912,462</u>	<u>955,553</u>	<u>942,319</u>	<u>932,118</u>	<u>919,469</u>
Total Government								
Invested in capital assets, net of related debt	1,507,566	1,485,937	1,374,533	1,329,397	1,310,947	1,258,119	1,188,434	1,156,583
Restricted	199,799	134,972	108,521	135,451	116,360	137,531	145,356	169,090
Unrestricted	52,496	94,575	170,780	154,317	172,977	176,028	218,283	223,217
Total Government	<u>\$1,759,861</u>	<u>\$1,715,484</u>	<u>\$1,653,834</u>	<u>\$1,619,165</u>	<u>\$1,600,284</u>	<u>\$1,571,678</u>	<u>\$1,552,073</u>	<u>\$1,548,890</u>

Note: Information prior to the implementation of GASB Statement No. 34 is not available.

Source: Finance Department, City of Anaheim

Changes in Net Assets

Last Eight Fiscal Years (In thousands)

(Accrual basis of accounting)

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
Program Revenues								
Governmental activities:								
Charges for services								
General government	\$ 4,861	\$ 5,423	\$ 4,557	\$ 4,516	\$ 1,442	\$ 1,413	\$ 1,651	\$ 1,462
Police	7,118	6,900	6,396	7,346	9,840	7,460	8,369	7,236
Fire	9,122	9,850	9,070	8,942	7,909	6,879	6,475	6,391
Community Development	5,459	6,212	6,713	6,122	4,667	9,972	6,843	5,753
Planning	7,724	9,084	10,778	9,031	6,994	3,739	3,869	3,773
Public Works	7,421	8,619	8,234	7,653	6,544	5,501	6,339	7,294
Community Services	4,833	4,855	4,043	18,421	4,985	4,490	3,936	4,629
Convention, Sports and Entertainment	200	218	200	200	200	200	200	200
Total charges for services	46,738	51,161	49,991	62,231	42,581	39,654	37,682	36,738
Operating grants and contributions	109,244	99,337	97,633	87,024	77,870	81,877	75,594	72,111
Capital grants and contributions	66,347	30,361	42,997	28,804	20,906	11,704	12,809	15,581
Governmental activities program revenues	222,329	180,859	190,621	178,059	141,357	133,235	126,085	124,430
Business-type activities:								
Charges for services								
Electric Utility	365,526	351,160	310,074	322,845	284,740	295,723	272,024	300,474
Water Utility	50,807	49,125	49,600	46,926	43,427	44,395	41,801	41,845
Sanitation	55,424	54,017	53,215	49,397	46,480	48,085	43,045	41,809
Golf Courses	5,634	5,947	6,022	5,736	5,394	5,546	5,401	5,739
Convention, Sports and Entertainment	26,987	31,197	32,308	27,357	27,412	28,146	22,509	21,688
Total charges for services	504,378	491,446	451,219	452,261	407,453	421,895	384,780	411,555
Operating grants and contributions	965	1,194	1,160	2,556	2,473	1,471	1,560	3,622
Capital grants and contributions	6,620	12,332	4,808	5,749	11,513	7,468	5,389	13,113
Business-type activities program revenues	511,963	504,972	457,187	460,566	421,439	430,834	391,729	428,290
Total government program revenues	734,292	685,831	647,808	638,625	562,796	564,069	517,814	552,720
Expenses								
Governmental activities:								
General government	12,144	12,610	10,951	7,394	8,943	7,582	9,793	6,780
Police	121,162	122,883	115,714	98,484	91,713	77,541	78,313	73,336
Fire	57,768	56,434	50,727	50,957	46,596	37,610	36,928	38,146
Community Development	109,523	105,651	93,089	87,814	83,183	86,542	89,212	67,389
Planning	17,057	17,199	16,107	14,493	13,206	12,628	11,118	11,492
Public Works	47,226	43,680	44,473	42,029	39,463	41,672	37,443	53,584
Community Services	37,704	39,033	36,827	31,712	28,314	27,050	27,397	29,209
Public Utilities	1,515	2,128	1,800	1,704	1,557	1,566	1,811	2,928
Convention, Sports and Entertainment	10,069	10,781	10,539	8,652	7,703	7,536	7,211	8,577
Interest on long-term debt	47,859	45,509	50,053	46,430	47,105	48,503	47,405	46,098
Governmental activities expenses	462,027	455,908	430,280	389,669	367,783	348,230	346,631	337,539

(continued)

Changes in Net Assets

Last Eight Fiscal Years (In thousands)

(Accrual basis of accounting) (continued)

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
Expenses								
Business-type activities:								
Electric Utility	358,882	353,502	338,514	365,277	274,622	280,878	264,583	280,358
Water Utility	48,976	49,248	51,672	47,225	41,313	42,949	37,065	38,616
Sanitation	52,721	49,712	48,946	47,163	45,467	41,431	40,249	38,563
Golf Courses	4,495	4,810	4,365	4,433	4,062	4,278	3,699	3,745
Convention, Sports and Entertainment Venues	45,643	47,795	46,743	47,965	47,351	43,406	43,197	40,500
Business-type activities expense	510,717	505,067	490,240	512,063	412,815	412,942	388,793	401,782
Total government expenses	972,744	960,975	920,520	901,732	780,598	761,172	735,424	739,321
Net (Expense)/Revenue								
Governmental activities	(239,698)	(275,049)	(239,659)	(211,610)	(226,426)	(214,995)	(220,546)	(213,109)
Business-type activities	1,246	(95)	(33,053)	(51,497)	8,624	17,892	2,936	26,508
Total government, net (expense) revenue	(238,452)	(275,144)	(272,712)	(263,107)	(217,802)	(197,103)	(217,610)	(186,601)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes:								
Property taxes	\$ 107,921	\$ 105,311	\$ 98,647	\$ 90,299	\$ 78,620	\$ 57,239	\$ 53,809	\$ 49,867
Sales and use taxes	56,991	63,566	65,944	68,024	61,779	56,566	53,251	52,875
Transient occupancy taxes	80,055	87,183	83,914	75,979	67,141	63,268	56,199	57,780
Motor vehicle license fees	1,180	1,532	1,866	2,595	2,113	21,143	19,360	18,751
Other taxes	8,041	9,529	10,337	10,817	10,175	9,561	8,935	8,885
Unrestricted investment earnings	8,667	15,337	17,597	12,346	8,071	3,991	12,678	15,035
Other	394	2,670	1,701	5,078	1,499	1,097	2,852	3,825
Transfers	41,141	15,573	(42,874)	8,444	12,400	11,534	3,996	3,809
Governmental activities	304,390	300,701	237,132	273,582	241,798	224,399	211,080	210,827
Business-type activities:								
Unrestricted investment earnings	19,580	31,244	27,375	16,850	16,592	6,120	13,658	13,388
Other					418	1,723	51	
Transfers	(41,141)	(15,573)	42,874	(8,444)	(12,400)	(11,534)	(3,996)	(3,809)
Business-type activities	(21,561)	15,671	70,249	8,406	4,610	(3,691)	9,713	9,579
Total government	282,829	316,372	307,381	281,988	246,408	220,708	220,793	220,406
Change in Net Assets								
Governmental activities	64,692	25,652	(2,527)	61,972	15,372	9,404	(9,466)	(2,282)
Business-type activities	(20,315)	15,576	37,196	(43,091)	13,234	14,201	12,649	36,087
Total government change in net assets	\$ 44,377	\$ 41,228	\$ 34,669	\$ 18,881	\$ 28,606	\$ 23,605	\$ 3,183	\$ 33,805

Note: Information prior to the implementation of GASB Statement No. 34 is not available.

Source: Finance Department, City of Anaheim

Governmental Activities Tax Revenues by Source

Last Eight Fiscal Years (In thousands)

(Accrual basis of accounting)

Fiscal Year	Amounts					Total
	Property Taxes	Sales and Use Taxes	Transient Occupancy Taxes	Motor Vehicle License Fees ¹	Other Taxes	
2009	\$107,921	\$56,991	\$80,055	\$ 1,180	\$ 8,041	\$254,188
2008	105,311	63,566	87,183	1,532	9,529	267,121
2007	98,647	65,944	83,914	1,866	10,337	260,708
2006	90,299	68,024	75,979	2,595	10,817	247,714
2005	78,620	61,779	67,141	2,113	10,175	219,828
2004	57,239	56,566	63,268	21,143	9,561	207,777
2003	53,809	53,251	56,199	19,360	8,935	191,554
2002	49,867	52,875	57,780	18,751	8,885	188,158

¹ The decrease in motor vehicle license fees starting from fiscal year 2005 is due to the shifting of revenue from motor vehicle license fees category to the property tax category. This was part of the State of California 2004 Budget Act.

Note: Information prior to the implementation of GASB Statement No. 34 is not available.

Source: Finance Department, City of Anaheim

Fund Balances of Governmental Funds

Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Fund										
Reserved	\$ 4,530	\$ 5,001	\$ 8,525	\$ 9,701	\$ 9,892	\$ 10,225	\$ 6,873	\$ 2,856	\$ 2,079	\$ 3,987
Unreserved - designated						293	4,872	208	204	
Unreserved - undesignated	47,729	37,347	47,409	44,978	39,179	34,458	31,268	33,512	26,877	19,608
Total General Fund	52,259	42,348	55,934	54,679	49,071	44,976	43,013	36,576	29,160	23,595
Housing Authority Fund										
Reserved	1,830	830	162				158			
Unreserved - undesignated	5,669	6,474	7,935	3,932	5,682	5,525	4,894	4,347	4,514	4,651
Total Housing Authority Fund	7,499	7,304	8,097	3,932	5,682	5,525	5,052	4,347	4,514	4,651
Nonmajor Governmental Funds										
Reserved	179,979	138,402	120,885	110,289	76,568	91,787	87,547	85,149	76,691	77,622
Unreserved - designated, reported in:										
Special revenue funds	7,211	6,809	2,415	9,102	14,974	7,993		13,305	15,983	15,515
Debt service funds	4,433	1,656	2,276	1,137	1,457					
Capital projects funds	4,325	32,809	38,430	45,495	36,497	24,538	36,501	65,313	108,809	139,399
Unreserved - undesignated, reported in:										
Special revenue funds	5,342	4,199	4,183	14,902	25,955	27,016	29,688	18,913	14,490	12,985
Capital projects funds	(7,037)	(15,551)	(25,687)	(22,787)	(4,735)					
Total nonmajor governmental funds	194,253	168,324	142,502	158,138	150,716	151,334	153,736	182,680	215,973	245,521
Total governmental funds ¹	\$254,011	\$217,976	\$206,533	\$216,749	\$205,469	\$201,835	\$201,801	\$223,603	\$249,647	\$273,767

¹ Restatements of fund balances have not been reflected for certain years.

Source: Finance Department, City of Anaheim

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues										
Property taxes	\$112,168	\$109,351	\$102,486	\$90,323	\$81,949	\$60,563	\$57,151	\$53,018	\$53,860	\$49,478
Sales and use taxes	57,449	65,352	66,761	66,045	59,976	55,409	54,066	52,368	50,733	46,915
Transient occupancy taxes	80,055	87,183	83,914	75,979	67,141	63,268	56,199	57,780	58,112	46,183
Other taxes	6,451	6,753	7,531	7,862	7,542	7,095	6,570	6,460	6,365	5,831
Licenses, fees and permits	21,062	24,705	37,991	40,625	18,749	15,578	15,731	15,806	16,299	16,298
Intergovernmental revenues	157,773	134,016	111,527	103,653	101,447	108,673	107,973	104,434	85,500	82,186
Charges for services	13,627	13,690	12,960	12,649	12,130	15,241	14,569	14,299	11,712	10,575
Fines, forfeits and penalties	3,409	3,767	3,689	3,464	3,454	2,812	2,673	2,769	3,118	3,187
Use of money and property	9,293	16,923	18,208	13,203	9,144	8,408	12,354	13,878	20,108	23,290
Other	10,137	3,755	7,601	18,164	6,143	3,490	3,436	4,654	1,242	12,809
Total revenues	471,424	465,495	452,668	431,967	367,675	340,537	330,722	325,466	307,049	296,752
Expenditures										
General government	16,953	16,325	15,354	13,667	12,276	11,370	12,823	12,403	16,462	12,394
Police	112,057	115,195	109,467	94,602	86,529	74,356	74,518	68,274	64,585	60,274
Fire	55,966	54,685	48,201	48,383	44,182	36,277	35,684	34,651	31,382	30,994
Community Development	112,406	104,991	94,789	89,098	83,384	87,778	91,984	72,919	67,493	43,848
Planning	15,489	15,949	14,762	13,907	12,313	11,904	10,285	10,463	10,145	9,471
Public Works	29,321	25,810	26,820	24,646	22,248	25,224	21,425	37,377	72,964	126,700
Community Services	33,572	35,203	32,788	28,753	25,724	25,203	25,938	26,011	24,296	22,949
Public Utilities	1,507	2,120	1,791	1,704	1,557	1,566	1,811	2,651	2,612	4,286
Convention, Sports and Entertainment	6,699	7,390	7,399	6,131	5,140	5,353	4,677	6,003	6,738	6,246
Capital outlay	52,229	60,906	76,161	77,738	41,301	32,195	40,881	35,310	32,713	66,002
Debt service:										
Principal	16,085	27,472	18,065	19,032	10,134	9,391	8,020	7,797	5,768	5,309
Interest and fiscal agent charges	34,830	28,324	41,187	39,037	38,681	38,630	38,330	38,081	37,438	36,108
Debt issuance costs ¹	70	5,182	4,017							
Total expenditures	487,184	499,552	490,801	456,698	383,469	359,247	366,376	351,940	372,596	424,581
Revenues over (under) expenditures	(15,760)	(34,057)	(38,133)	(24,731)	(15,794)	(18,710)	(35,654)	(26,474)	(65,547)	(127,829)
Other financing sources (uses)										
Transfers in	121,987	299,410	101,249	95,535	99,166	73,939	67,407	66,480	52,381	53,758
Transfers out	(76,304)	(288,985)	(91,028)	(84,325)	(88,277)	(62,970)	(63,759)	(56,470)	(45,906)	(54,200)
Issuance of refunding bonds	5,084	206,122	253,134							
Redemption of refunding bonds	(5,683)	(171,222)	(255,325)							
Premium on long-term debt	94									
Issuance of long-term debt	2,769	175	18,238	22,583	7,289	7,775	4,450		31,968	3,212
Special items					1,250					
Proceeds from the sale of capital assets				20			5,754			
Capital leases			1,649	2,198						
Pollution remediation settlement proceeds	3,848									
Total other financing sources	51,795	45,500	27,917	36,011	19,428	18,744	13,852	10,010	38,443	2,770
Net change in fund balances	\$ 36,035	\$ 11,443	\$ (10,216)	\$ 11,280	\$ 3,634	\$ 34	\$ (21,802)	\$ (16,464)	\$ (27,104)	\$ (125,059)
Debt service as a percentage of non-capital expenditures	11.72%	13.90%	15.26%	15.33%	14.27%	14.68%	14.24%	14.49%	12.71%	11.55%

¹ Prior to the implementation of GASB Statement No. 34 in 2002, debt issuance costs were not displayed as expenditures but were recorded as part of issuance of long-term debt in the fund financial statements.

Source: Finance Department, City of Anaheim

General Government Tax Revenues by Source

Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

Fiscal Year	Amounts in Dollars							Total
	Secured Property Taxes	Unsecured Property Taxes	Supplemental Property Taxes	Property Taxes in-lieu of VLF ¹	Sales and Use Taxes	Transient Occupancy Taxes	Other Taxes	
2009	\$74,380	\$ 9,410	\$2,678	\$25,700	\$57,449	\$80,055	\$6,451	\$256,123
2008	69,893	10,448	4,170	24,840	65,352	87,183	6,753	268,639
2007	62,881	9,945	4,580	25,080	66,761	83,914	7,531	260,692
2006	53,137	9,409	4,207	23,570	66,045	75,979	7,862	240,209
2005	49,510	9,244	3,626	19,569	59,976	67,141	7,542	216,608
2004	49,847	8,591	2,125		55,409	63,268	7,095	186,335
2003	48,031	7,358	1,762		54,066	56,199	6,570	173,986
2002	44,423	6,778	1,817		52,368	57,780	6,460	169,626
2001	44,521	7,737	1,602		50,733	58,112	6,365	169,070
2000	41,451	6,512	1,515		46,915	46,183	5,831	148,407

¹ Collection of property taxes in-lieu of VLF starting in fiscal year 2005 is due to the shifting of revenue from motor vehicle license fees category to the property tax category. This was part of the State of California 2004 Budget Act.

Source: Finance Department, City of Anaheim

Assessed Value of Taxable Property

Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

	Fiscal Year				
	2009	2008	2007	2006	2005
City of Anaheim					
Secured property	\$29,329,062	\$28,473,221	\$26,507,229	\$24,081,039	\$22,288,504
Unsecured property	1,226,209	1,198,812	2,442,959	1,117,310	1,162,358
Total City of Anaheim	30,555,271	29,672,033	28,950,188	25,198,349	23,450,862
Anaheim Redevelopment Agency					
Secured property	3,644,931	3,360,645	2,838,528	2,574,542	2,332,303
Unsecured property	789,618	818,255	813,249	734,299	748,144
Total Anaheim Redevelopment Agency	4,434,549	4,178,900	3,651,777	3,308,841	3,080,447
Total Taxable Assessed Value	\$34,989,820	\$33,850,933	\$32,601,965	\$28,507,190	\$26,531,309
Total Direct Tax Rate	0.11024%	0.11041%	0.11041%	0.11083%	0.11117%

	Fiscal Year				
	2004	2003	2002	2001	2000
City of Anaheim					
Secured property	\$20,826,232	\$20,145,764	\$18,389,042	\$16,105,959	\$14,787,761
Unsecured property	1,287,967	2,641,697	1,086,486	1,141,412	967,275
Total City of Anaheim	22,114,199	22,787,461	19,475,528	17,247,371	15,755,036
Anaheim Redevelopment Agency					
Secured property	2,177,936	2,057,045	1,877,074	1,733,000	1,597,392
Unsecured property	731,733	564,089	536,872	585,011	444,540
Total Anaheim Redevelopment Agency	2,909,669	2,621,134	2,413,946	2,318,011	2,041,932
Total Taxable Assessed Value	\$25,023,868	\$25,408,595	\$21,889,474	\$19,565,382	\$17,796,968
Total Direct Tax Rate	0.11161%	0.11103%	0.11168%	0.11199%	0.11250%

Source: Auditor-Controller, County of Orange, HdL Coren & Coren

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years (Rate per \$100 assessed value)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
City Direct Rate ¹	0.10816	0.10816	0.10816	0.10816	0.10816	0.10816	0.10816	0.10816	0.10816	0.10816
Overlapping Rates:										
Anaheim Elementary General Fund	0.29778	0.29778	0.29778	0.29778	0.29778	0.29778	0.29778	0.29778	0.29778	0.29778
Anaheim High General Fund	0.18982	0.18982	0.18982	0.18982	0.18982	0.18982	0.18982	0.18982	0.18982	0.18982
Educational Revenue Augmentation Fund	0.15543	0.15543	0.15543	0.15543	0.15543	0.15543	0.15543	0.15543	0.15543	0.15543
North Orange Co. Community College General Fund	0.07730	0.07730	0.07730	0.07730	0.07730	0.07730	0.07730	0.07730	0.07730	0.07730
Orange County Cemetery District	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057
Orange County Department Of Education	0.01574	0.01574	0.01574	0.01574	0.01574	0.01574	0.01574	0.01574	0.01574	0.01574
Orange County Flood Control District General	0.02190	0.02190	0.02190	0.02190	0.02190	0.02190	0.02190	0.02190	0.02190	0.02190
Orange County General Fund	0.06827	0.06827	0.06827	0.06827	0.06827	0.06827	0.06827	0.06827	0.06827	0.06827
Orange County Harbors Beaches & Parks CSA	0.01693	0.01693	0.01693	0.01693	0.01693	0.01693	0.01693	0.01693	0.01693	0.01693
Orange County Sanitation District 2 Operating	0.03469	0.03469	0.03469	0.03469	0.03469	0.03469	0.03469	0.03469	0.03469	0.03469
Orange County Transportation Authority	0.00311	0.00311	0.00311	0.00311	0.00311	0.00311	0.00311	0.00311	0.00311	0.00311
Orange County Vector Control	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124
Orange County Water District	0.00893	0.00893	0.00893	0.00893	0.00893	0.00893	0.00893	0.00893	0.00893	0.00893
Orange County Water District Water Reserve	0.00013	0.00013	0.00013	0.00013	0.00013	0.00013	0.00013	0.00013	0.00013	0.00013
Total Basic Levy ²	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Anaheim General Obligation Bond Fund	0.00208	0.00225	0.00225	0.00267	0.00301	0.00345	0.00287	0.00352	0.00383	0.00434
Anaheim Elementary School Districts	0.02248	0.03544	0.02240	0.02811	0.02641	0.02495	0.02846			
Anaheim High School Districts	0.02363	0.02516	0.02355	0.02444	0.02770	0.02370	0.02567			
North Orange County Community College	0.01493	0.01502	0.01444	0.00520	0.00580	0.00610	0.00670	0.00770	0.00880	0.00890
Water District Rate	0.00430	0.00450	0.00470	0.01666	0.01441	0.01597	0.01573			
Total Direct and Overlapping Rates	<u>1.06742</u>	<u>1.08237</u>	<u>1.06734</u>	<u>1.07708</u>	<u>1.07733</u>	<u>1.07417</u>	<u>1.07943</u>	<u>1.01122</u>	<u>1.01263</u>	<u>1.01324</u>

¹ Excludes rates associated with Mello-Roos Districts.

² In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is reassessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt.

Source: Auditor-Controller, County of Orange

Principal Property Tax Payers

Last Ten Fiscal Years (In thousands)

Tax Payer	Fiscal Year									
	2009		2008		2007		2006		2005	
	Rank	Taxable Assessed Value	Rank	Taxable Assessed Value	Rank	Taxable Assessed Value	Rank	Taxable Assessed Value	Rank	Taxable Assessed Value
Walt Disney World Company	1	\$3,746,771	1	\$3,580,239	1	\$3,466,814	1	\$3,383,738	1	\$3,169,133
Lennar Platinum Triangle	2	213,460	2	209,274	2	205,049	2	142,276	8	70,501
Maker Anaheim LLC	3	190,006								
Kaiser Foundation Health	4	154,884	5	153,715	3	149,332	3	108,181		
Anaheim GW II LLC	5	116,740	8	83,308						
PPC Anaheim Apartments	6	108,243	7	106,121	5	104,040	4	102,000		
Maguire Properties	7	84,897	3	187,533	8	81,600				
Angeli LLC	8	84,668	9	83,008	10	78,733			6	73,773
Worldmark Club	9	81,600								
Anaheim Memorial Hospital	10	80,879	10	81,878	7	88,254	8	83,576		
Anaheim Hotel Partnership			4	186,281	4	129,662				
Kilroy Realty LP			6	127,743						
Boeing North America					9	81,428	7	84,336	5	82,683
CREA / Nexus Anaheim					6	95,333				
Allstate Life Insurance Company							5	99,035	2	111,282
Pan Pacific Retail							6	89,368	4	87,518
Hilton Hospitality Inc.							9	75,249		
Macquarie Office Trust							10	72,522		
Reef America REIT II									3	108,431
Joan MTR Schlund									7	72,414
OTR									9	66,763
Fairfield Resorts, Inc.									10	59,102
Atrium Plaza, LLC										
Pacific Sunwear California, Inc.										
James P. Crawford										
PC and RS Chao Family LTD										
Living Stream										
Prologis California I LLC										
UKA LLC										
Spieker Properties										
Total		<u>\$4,862,148</u>		<u>\$4,799,100</u>		<u>\$4,480,245</u>		<u>\$4,240,281</u>		<u>\$3,901,600</u>

(continued)

Principal Property Tax Payers

Last Ten Fiscal Years (In thousands)

(continued)

Tax Payer	Fiscal Year									
	2004		2003		2002		2001		2000	
	Rank	Taxable Assessed Value	Rank	Taxable Assessed Value	Rank	Taxable Assessed Value	Rank	Taxable Assessed Value	Rank	Taxable Assessed Value
Walt Disney World Company	1	\$3,140,270	1	\$3,011,080	1	\$2,267,576	1	\$1,457,785	1	\$1,339,334
Lennar Platinum Triangle										
Maker Anaheim LLC										
Kaiser Foundation Health										
Anaheim GW II LLC										
PPC Anaheim Apartments										
Maguire Properties										
Angeli LLC	5	72,327	5	71,001	3	69,609	3	76,880		
Worldmark Club										
Angeli LLC										
Anaheim Memorial Hospital										
Anaheim Hotel Partnership										
Kilroy Realty LP					8	57,437	7	58,834	4	57,004
Boeing North America	2	127,443	2	135,401	2	143,228	2	149,113	2	176,450
CREA / Nexus Anaheim										
Allstate Life Insurance Company	3	109,100	3	120,300						
Pan Pacific Retail										
Hilton Hospitality Inc.										
Macquarie Office Trust										
Reef America REIT II	4	106,456	4	104,316	6	61,241				
Joan MTR Schlund	6	70,994	6	70,488	4	68,385	4	67,044	7	45,543
OTR	7	65,401	9	49,455	7	58,182	6	60,041	5	55,040
Fairfield Resorts, Inc.	9	57,872	8	56,048	9	53,612	8	57,005		
Atrium Plaza, LLC	8	65,308	7	64,971						
Pacific Sunwear California, Inc.	10	55,968								
James P. Crawford					5	65,388	5	64,105	10	43,553
PC and RS Chao Family LTD			10	49,455	10	49,746			9	43,935
Living Stream							9	47,818		
Prologis California I LLC							10	46,707	6	45,767
UKA LLC									3	77,520
Spieker Properties									8	45,026
Total		<u>\$3,871,139</u>		<u>\$3,732,515</u>		<u>\$2,894,404</u>		<u>\$2,085,332</u>		<u>\$1,929,172</u>

Sources: Finance Department, City of Anaheim
HdL Coren & Cone
Orange County Assessor

Property Tax Levies and Collections

Last Ten Fiscal Years (In thousands)

Fiscal Year	Total Secured Tax Levy	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections as of 6/30	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$74,854	\$72,659	97.07%	\$1,721	\$74,380	99.37%
2008	70,625	68,805	97.42%	1,074	69,879	98.94%
2007	64,237	62,101	96.67%	534	62,635	97.51%
2006	57,488	56,462	98.22%	532	56,994	99.14%
2005	53,217	52,519	98.69%	741	53,260	100.08%
2004	49,877	49,005	98.25%	596	49,601	99.45%
2003	49,714	47,260	95.06%	692	47,952	96.46%
2002	44,256	43,464	98.21%	924	44,388	100.30%
2001	40,945	40,182	98.14%	507	40,689	99.37%
2000	38,342 ¹	37,796	98.58%	567	38,363	100.05%

¹ The increase in Fiscal Year 2000 over prior year is primarily due to the formation of the Anaheim Resort Maintenance District.

Source: Auditor-Controller, County of Orange

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years (In thousands, except per capita amount)

	Fiscal Year				
	2009	2008	2007	2006	2005
Governmental Activities					
Bonds	\$ 805,068	\$ 793,343	\$ 740,107	\$ 740,959	\$ 739,775
Certificates of participation	13,840	23,333	26,788	30,066	33,174
Notes and loans	24,621	27,538	57,614	43,342	28,669
Capital leases	1,235	2,353	2,484	2,220	1,523
Total governmental activities	844,764	846,567	826,993	816,587	803,141
Business-Type Activities					
Bonds	829,707	689,791	706,126	513,874	528,130
Certificates of participation	38,000	88,185	96,475	125,087	132,952
Notes and loans	12,299	13,189	14,081	14,976	15,842
Capital leases			267	275	180
Total business-type activities	880,006	791,165	816,949	654,212	677,104
Total Government	<u>\$1,724,770</u>	<u>\$1,637,732</u>	<u>\$1,643,942</u>	<u>\$1,470,799</u>	<u>\$1,480,245</u>
Percentage of Personal Income	21.83%	21.00%	21.15%	19.23%	20.80%
Per Capita	\$ 4,950	\$ 4,742	\$ 4,757	\$ 4,292	\$ 4,326

	Fiscal Year				
	2004	2003	2002	2001	2000
Governmental Activities					
Bonds	\$ 737,538	\$ 734,079	\$ 729,955	\$ 725,861	\$ 688,042
Certificates of participation	36,107	38,941	41,679	44,274	46,711
Notes and loans	22,747	17,152	13,403	14,377	14,340
Capital leases	2,001	269	362		
Total governmental activities	798,393	790,441	785,399	784,512	749,093
Business-Type Activities					
Bonds	543,780	429,957	416,961	310,650	344,489
Certificates of participation	140,355	144,564	176,409	183,044	190,269
Notes and loans	16,678	17,485	18,264	19,403	1,477
Capital leases	349	509	660	802	937
Total business-type activities	701,162	592,515	612,294	513,899	537,172
Total Government	<u>\$1,499,555</u>	<u>\$1,382,956</u>	<u>\$1,397,693</u>	<u>\$1,298,411</u>	<u>\$1,286,265</u>
Percentage of Personal Income	21.06%	19.73%	20.49%	20.94%	21.13%
Per Capita	\$ 4,395	\$ 4,095	\$ 4,173	\$ 3,918	\$ 3,921

Note: Per capita amounts are estimates.

Sources: California State Department of Finance
 Finance Department, City of Anaheim
 US Census Yearly American Community Survey

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years (In thousands, except per capita amount)

	Fiscal Year				
	2009	2008	2007	2006	2005
Bonds					
General obligation	\$ 4,750	\$ 5,220	\$ 5,700	\$ 6,170	\$ 6,625
Lease revenue	599,250	588,692	588,534	575,125	569,016
Tax allocation	200,254	199,431	152,135	159,664	164,134
Total bonds	804,254	793,343	746,369	740,959	739,775
Less amounts available in debt service fund	63,560	57,995	39,075	39,232	30,812
Total net obligation bonds outstanding	<u>\$740,694</u>	<u>\$735,348</u>	<u>\$707,294</u>	<u>\$701,727</u>	<u>\$708,963</u>
Percentage of assessed value of property	2.12%	2.17%	2.17%	2.46%	2.67%
Per capita	\$ 2,126	\$ 2,129	\$ 2,047	\$ 2,048	\$ 2,072

	Fiscal Year				
	2004	2003	2002	2001	2000
Bonds					
General obligation	\$ 7,060	\$ 7,460	\$ 7,850	\$ 8,205	\$ 8,535
Lease revenue	562,118	554,361	546,152	538,207	530,717
Tax allocation	168,360	172,258	175,953	179,449	148,790
Total bonds	737,538	734,079	729,955	725,861	688,042
Less amounts available in debt service fund	44,132	41,461	44,916	36,900	59,066
Total net obligation bonds outstanding	<u>\$693,406</u>	<u>\$692,618</u>	<u>\$685,039</u>	<u>\$688,961</u>	<u>\$628,976</u>
Percentage of assessed value of property	2.77%	2.73%	3.13%	3.52%	3.53%
Per capita	\$ 2,032	\$ 2,051	\$ 2,045	\$ 2,079	\$ 1,918

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: Finance Department, City of Anaheim

Direct and Overlapping Governmental Activities Debt

As of June 30, 2009 (In thousands)

2008-09 Assessed Valuation	\$34,989,820
Redevelopment Incremental Valuation	(4,434,549)
Adjusted Assessed Valuation	<u>\$30,555,271</u>

	Total Debt 6/30/09	% Applicable(1)	City's Share of Debt 6/30/09
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	\$293,425	1.653%	\$ 4,850
North Orange Joint Community College District	227,859	28.854	65,746
Rancho Santiago Community College District	316,405	14.682	46,455
Anaheim Union High School District	120,554	72.306	87,168
Fullerton Joint Union High School District	60,453	0.321	194
Placentia - Yorba Linda Unified School District	165,776	11.380	18,865
Anaheim School District	106,377	99.814	106,179
Magnolia School District	8,875	80.863	7,177
Other School Districts	89,593	Various	11,423
City of Anaheim	4,750	100.000	4,750
City of Anaheim Community Facilities Districts	20,745	100.000	20,745
Orange Unified School District Community Facilities Districts	13,135	9.786-100.000	7,253
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			380,805
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Orange County General Fund Obligations	462,152	8.055	37,226
Orange County Pension Obligations	69,713	8.055	5,615
Orange County Board of Education Certificates of Participation	19,430	8.055	1,565
Yorba Linda County Water District Certificates of Participation	9,645	0.948	91
North Orange County Regional Occupation Program Certificates of Participation	11,680	29.890	3,491
Orange Unified School District Certificates of Participation	50,500	30.401	15,353
Orange Unified School District Benefit Obligations	93,765	30.401	28,506
Placentia-Yorba Linda Unified School District Certificates of Participation	86,810	11.380	9,879
Anaheim Union High School District Certificates of Participation	41,760	72.306	30,195
Fullerton Joint Union High School District Certificates of Participation	22,255	0.321	72
Centralia School District Certificates of Participation	1,915	12.041	231
Fullerton School District Certificates of Participation	7,120	0.218	16
City of Anaheim General Fund Obligations	660,722	100.000	660,722
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			792,962
Less: City of Anaheim Public Financing Authority (100% self-supporting)			646,882
Anaheim Union High School District QZABs supported by investment fund payments			3,615
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			142,465

(continued)

Direct and Overlapping Governmental Activities Debt

As of June 30, 2009 (In thousands)

(continued)

GROSS COMBINED TOTAL DEBT	1,173,767
NET COMBINED TOTAL DEBT	523,270

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds and non-bonded capital lease obligations.

(2) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

Ratios to 2008-09 Assessed Valuation:

Direct Debt (\$4,750)	0.01%
Total Direct and Overlapping Tax and Assessment Debt	1.09%

Ratios to Adjusted Assessed Valuation:

Gross Combined Direct Debt (\$665,472)	2.18%
Net Combined Direct Debt (\$18,590)	0.06%
Gross Combined Total Debt	3.84%
Net Combined Total Debt	1.71%

State School Building Aid Repayable as of 6/30/09: \$0

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

Legal Debt Margin

Last Ten Fiscal Years (In thousands)

	Fiscal Year				
	2009	2008	2007	2006	2005
Debt limit	\$4,399,359	\$4,270,983	\$3,976,084	\$3,612,156	\$3,343,276
Total net debt applicable to limit	(4,750)	(5,220)	(5,700)	(6,170)	(6,625)
Legal debt margin	<u>\$4,394,609</u>	<u>\$4,265,763</u>	<u>\$3,970,384</u>	<u>\$3,605,986</u>	<u>\$3,336,651</u>
Total net debt applicable to the limit as a percentage of debt limit	0.11%	0.12%	0.14%	0.17%	0.20%
<u>Legal Debt Margin</u>					
Assessed property value	\$29,329,062	\$28,473,221	\$26,507,227	\$24,081,039	\$22,288,504
Debt limit (15% of total assessed value)	4,399,359	4,270,983	3,976,084	3,612,156	3,343,276

	Fiscal Year				
	2004	2003	2002	2001	2000
Debt limit	\$3,123,935	\$3,418,119	\$2,882,716	\$2,587,106	\$2,363,255
Total net debt applicable to limit	(7,060)	(7,460)	(7,850)	(8,205)	(8,535)
Legal debt margin	<u>\$3,116,875</u>	<u>\$3,410,659</u>	<u>\$2,874,866</u>	<u>\$2,578,901</u>	<u>\$2,354,720</u>
Total net debt applicable to the limit as a percentage of debt limit	0.23%	0.22%	0.27%	0.32%	0.36%
<u>Legal Debt Margin</u>					
Assessed property value	\$20,826,232	\$22,787,461	\$19,218,106	\$17,247,371	\$15,755,036
Debt limit (15% of total assessed value)	3,123,935	3,418,119	2,882,716	2,587,106	2,363,255

Note:

Under State Finance Law, the City's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Source: Finance Department, City of Anaheim

Pledged-Revenue Coverage

Last Ten Fiscal Years (In thousands)

Redevelopment - Tax Allocation Revenue Bonds

Fiscal Year	Tax Increment Revenue	Less Operating Expenses ¹	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2009	\$47,115	\$5,300	\$41,815		\$10,766	\$10,766	3.8840
2008	45,719	4,722	40,997	\$6,000	6,275	12,275	3.3399
2007	40,710	2,729	37,981	3,983	13,417	17,400	2.1828
2006	37,341	5,196	32,145	2,977	11,727	14,704	2.1861
2005	34,984	5,361	29,623	3,014	11,700	14,714	2.0133
2004	31,650	3,321	28,329	4,620	9,996	14,616	1.9382
2003	27,762	2,628	25,134	4,370	10,251	14,621	1.7190
2002	27,394	1,275	26,119	4,130	10,488	14,618	1.7868
2001	26,368	1,058	25,310	1,785	8,867	10,652	2.3761
2000	24,365	669	23,696	1,720	8,676	10,396	2.2793

¹ Operating expenses consist of ERAF contributions and pass through agreements.

Electric Utility Revenue Bonds

Fiscal Year	Electric Revenue	Less Operating Expenses ²	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2009	\$378,916	\$300,269	\$78,647	\$15,370	\$28,798	\$44,168	1.7806
2008	373,842	299,534	74,308	14,690	29,450	44,140	1.6835
2007	330,421	265,340	65,081	13,765	24,424	38,189	1.7042
2006	336,091	268,274	67,817	13,145	25,132	38,277	1.7717
2005	297,443	218,562	78,881	15,875	24,780	40,655	1.9403
2004	295,988	232,050	63,938	14,840	20,102	34,942	1.8298
2003	280,471	216,841	63,630	14,716	19,179	33,895	1.8773
2002	308,329	238,124	70,205	14,764	16,861	31,625	2.2199
2001	345,615	292,395	53,220	15,718	17,586	33,304	1.5980
2000	287,132	205,699	81,433	20,030	17,712	37,742	2.1576

² Operating expenses excludes amortization and depreciation.

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

Source: Finance Department, City of Anaheim

(continued)

Pledged-Revenue Coverage

Last Ten Fiscal Years (In thousands)

(continued)

Water Utility Revenue Bonds

Fiscal Year	Water Revenue	Less Operating Expenses ³	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2009	\$53,039	\$40,123	\$12,916	\$1,435	\$1,967	\$3,402	3.7966
2008	51,052	41,190	9,862	1,375	325	1,700	5.8012
2007	51,595	43,203	8,392	1,325	379	1,704	4.9249
2006	47,904	39,110	8,794	1,870	450	2,320	3.7905
2005	44,484	33,312	11,172	1,340	485	1,825	6.1216
2004	44,659	35,602	9,057	1,625	819	2,444	3.7058
2003	43,669	29,775	13,894	1,540	906	2,446	5.6803
2002	43,944	31,103	12,841	1,465	990	2,455	5.2305
2001	43,995	26,479	17,516	1,400	2,094	3,494	5.0132
2000	43,959	30,193	13,766	1,330	2,166	3,496	3.9376

³ Operating expenses excludes amortization and depreciation.

Sanitation Revenue Bonds

Fiscal Year	Wastewater Revenue ⁴	Less Operating Expenses ⁵	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2009	\$10,913	\$5,176	\$5,737		\$2,224	\$2,224	2.5796
2008	10,299	5,167	5,132		1,532	1,532	3.3499
2007	10,113	6,734	3,379				

⁴ Amounts based on the notes to the basic financial statement, segment reporting.⁵ Operating expenses excludes amortization and depreciation.

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

Source: Finance Department, City of Anaheim

Demographic and Economic Statistics Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling¹</u>	<u>School Enrollment</u>	<u>Orange County Unemployment Rate</u>
2009	348,467	\$7,901,838	\$22,676 ²	32 ¹	12.2	68,890	9.30%
2008	346,349	7,859,356	22,583	32 ¹	12.2	68,663	5.30%
2007	345,556	7,771,554	22,490	32 ¹	12.2	69,296	3.90%
2006	342,717	7,649,443	22,320	32 ¹	12.2	70,793	3.70%
2005	342,186	7,115,416	20,794	32 ¹	12.2	71,314	3.90%
2004	341,184	7,119,828	20,868	30 ¹	12.2	71,637	3.60%
2003	337,720	7,010,392	20,758	30	12.2	71,488	4.00%
2002	334,922	6,820,017	20,363	30	12.2	70,651	4.00%
2001	331,374	6,201,664	18,715	30	12.2	69,361	3.00%
2000	328,014	6,087,612	18,559	30	12.2	67,586	2.80%

¹ Median age and education level based on census 2000.

² Per capita income for fiscal year 2009 is estimated. Data not readily available.

Sources: California State Department of Finance
 Anaheim City Superintendent of Schools
 State of California, Employment Development Department
 State Department of Commerce and Labor
 State Department of Education
 US Census Yearly American Community Survey

Principal Employers Last Six Fiscal Years

Employer	Fiscal Year													
	2009			2008		2007		2006		2005		2004		
	Rank	Employees	Percentage of Total City Employment	Rank	Employees	Rank	Employees	Rank	Employees	Rank	Employees	Rank	Employees	
Disneyland Resort	1	20,050	12.6%	1	20,050	1	22,470	1	23,105	1	21,350	1	22,650	
Kaiser Foundation Hospital	2	3,660	2.3%	2	3,660	2	3,880	2	3,660	2	2,580	4	1,500	
Airport Bus	3	2,000	1.3%											
Northgate Gonzalez Supermarkets	4	2,000	1.3%	4	2,000	3	2,070	5	1,000					
Anaheim Memorial Hospital Medical Center	5	1,185	0.7%	5	1,185	4	1,212	7	979	5	1,185	6	1,185	
A T & T	6	1,000	0.6%	3	2,659									
Honda Center	7	1,000	0.6%	6	1,000	6	1,000	6	1,000					
Hilton Anaheim	8	920	0.6%	7	920	7	950	8	900	6	960	7	1,000	
West Anaheim Medical Center	9	774	0.5%	10	774	10	774	10	774	8	774			
Alstyle Apparel	10	750	0.5%	9	750	5	1,000	4	1,600	7	875	8	1,000	
Long Beach Mortgage				8	800	8	800	9	800					
Boeing North America								3	3,500	4	1,750	2	3,500	
Opal Concepts										3	2,000	3	2,000	
Anaheim Sports Incorporated										9	600	5	1,200	
Aramark at Angels Stadium of Anaheim										10	350	10	700	
SBC Communications						9	775					9	700	

Note: Statistics prior to Fiscal Year 2004 is not readily available.

Sources: California Employment Development Department
Inside Prospects Database

Full-time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<u>Function/Program</u>										
City Council	5	5	5	5	5	5	5	5	5	5
City Administration	26	26	24	21	20	19	20	22	34	34
City Attorney	35	35	35	32	32	32	33	33	33	32
City Clerk	7	7	7	7	7	7	6	6	6	6
Human Resources	25	25	25	23	22	22	23	23	23	23
Finance	62	63	63	63	63	65	65	67	54	53
City Treasurer	6	6	6	6	6	6	6	6	6	6
Police	610	604	591	582	570	568	593	592	591	589
Fire	289	290	290	288	285	285	288	288	281	269
Community Development	109	108	114	120	119	112	111	110	110	95
Planning	94	97	96	95	96	96	97	91	93	94
Public Works	252	252	249	247	245	245	245	246	243	243
Community Services	183	184	183	183	179	188	192	195	192	210
Public Utilities	377	367	354	337	335	331	330	330	329	330
Convention, Sports and Entertainment	91	88	88	86	86	86	86	85	81	74
Total	<u>2,171</u>	<u>2,157</u>	<u>2,130</u>	<u>2,095</u>	<u>2,070</u>	<u>2,067</u>	<u>2,100</u>	<u>2,099</u>	<u>2,081</u>	<u>2,063</u>

Source: Finance Department, City of Anaheim

Operating Indicators by Function

Last Six Fiscal Years

Function/Program	Fiscal Year					
	2009	2008	2007	2006	2005	2004
Police Department						
Number of calls for service	195,001	196,241	203,832	173,669	173,669	174,906
Number of 911 calls received	129,998	125,174	134,938	103,586	92,710	89,723
Number of Part I Crimes per 100,000 population	2,764	2,899	3,042	3,042	3,250	3,598
Number of Arrest	15,951	16,212	14,135			
Number of Field Reports processed by Records Bureau	37,999	40,232	43,000	54,401	62,842	64,382
Number of traffic collisions	4,251	4,626	4,461	4,837	5,055	4,808
Number of Hours of Volunteer service	16,201	16,820	15,654			
Fire Department						
Fire responses	1,016	1,082	649	687	519	590
False alarm responses	1,503	1,398	719	678	581	579
Mutual aid responses	2,532	2,662	2,296	2,271	2,530	2,441
Medical responses	21,553	21,301	16,326	16,679	13,783	14,130
Hazardous condition responses (spills, leaks, bomb removal, power line down, etc.)	224	203	263	322	138	134
Public Works						
Centerline miles of arterial highway pavement improved	8.1	9.1	8.7	3.5	2.9	5.6
Square feet of deteriorated pavement replaced	780,500	890,500	890,500	920,500	910,250	887,156
Square feet of deteriorated pavement slurry sealed	2,532,000	3,483,000	3,483,000	3,522,000	4,175,500	2,704,599
Number of traffic intersections maintained	318	316	316	308	15	298
Number of traffic control hubs maintained	17	16	16	15	1	15
Square feet of deteriorated sidewalk replaced	50,500	50,200	50,200	46,500	48,850	56,725
Linear feet of damaged curb/gutter replaced	12,500	11,500	11,500	11,500	1,350	2,230
Square feet of medians/parkways maintained	5,350,000	5,350,000	5,350,000	5,212,600	5,209,500	5,132,700
Square feet of landscape maintained in the Anaheim Resort	1,419,286	1,419,286	1,419,286	1,419,286	1,419,286	1,419,286
Square feet of hardscape maintained in the Anaheim Resort	858,828	858,828	858,828	858,828	858,828	858,828
Number of vehicles maintained	1,331	1,351	1,283	1,273	1,273	1,283
Square feet of interior space maintained	2,176,265	2,176,265	1,941,287	1,882,400	1,882,400	1,903,000
Square feet of exterior space maintained	39,138,187	39,138,187	35,298,000	35,238,900	35,238,900	35,283,600
Number of construction projects	130	132	167	158	130	192
Number of permit inspections	800	802	1,623	1,567	1,659	1,717
Parks						
Number of park acres maintained per full-time equivalent employee	12.00	10.52	10.52	10.52	10.39	10.39
Number of sports fields prepared	66	66	66	66	66	69
Cost per acre of parks maintained.	\$9,950	\$10,699	\$10,288	\$9,960	\$8,791	\$9,144
Cost per sports field maintained.	\$5,134	\$4,937	\$4,747	\$4,596	\$4,828	\$4,377

(continued)

Operating Indicators by Function Last Six Fiscal Years

(continued)

Function/Program	Fiscal Year					
	2009	2008	2007	2006	2005	2004
City Libraries						
Computer assistance	156,716	95,068	37,725			
Total circulation - books	1,489,849	1,648,398	1,536,044	1,363,327	1,422,072	1,689,744
Reference questions answered	98,026	80,564	87,318	67,663	93,964	151,379
Information assistance	255,644	184,301	294,940	318,089	375,944	450,052
Patrons (patron visits)	1,752,838	1,615,640	1,373,002	1,176,441	1,147,079	1,267,487
Library cardholders	138,826	147,638	161,278	139,611	114,700	100,690
Programs offered	4,777	4,410	3,923	2,740	3,559	3,572
Program attendance	158,669	152,532	129,661	84,631	79,912	99,330
Public internet sessions	369,463	323,645	257,089	227,005	206,569	201,739
Community Services Programs						
Number of youth program participants	146,381	455,725	362,839	362,839	354,505	346,171
Number of youth program participants in recreation classes	16,332	16,006	13,675	15,200	14,886	14,886
Number of adult program sports teams	875	840	756	812	820	639
Number of park ranger contacts	208,176	161,038	140,000	139,773	88,935	132,633
Public Utilities Department						
Electric Utility:						
Number of meters	112,548	111,784	111,319	110,729	110,635	110,592
Megawatt-hours - sales	3,208,123	2,979,396	3,233,508	3,223,728	3,090,382	3,282,236
Megawatt-hours - purchased power	2,836,962	2,978,800	2,780,318	2,606,275	2,459,836	2,603,955
Megawatt-hours - owned generation	435,835	301,021	696,563	929,787	936,471	974,395
Water Utility:						
Number of meters	62,456	62,445	62,372	62,045	62,205	61,704
Millions of gallons sold	22,238	23,154	24,075	22,887	22,550	23,881
Millions of gallons purchased from Metropolitan Water District	6,614	4,978	8,049	10,188	9,144	8,169
Millions of gallons pumped from water system wells	17,034	18,961	16,844	13,580	14,244	16,784
Anaheim Convention Center						
Number of events serviced	310	339	347	337	310	262
Number of attendees	917,000	1,008,359	1,098,000	1,002,000	1,202,000	992,000
Percentage of occupancy	66.0%	73.0%	82.0%	68.0%	76.5%	84.5%

Note: Statistics prior to fiscal year 2004 are not readily available.

Source: Various Departments, City of Anaheim

Capital Assets Statistics by Function

Last Six Fiscal Years

Function/Program	Fiscal Year					
	2009	2008	2007	2006	2005	2004
Police Department						
Police Facilities	10	9	8	6	4	4
Motorized Equipment	266	255	251	248		
Police Helicopters	4	3	3	3	3	3
Shooting Range	1	1	1	1	1	
Communication/Radio Tower	1	1	1	1	1	1
Fire Department						
Fire stations	11	11	11	10	10	10
Training center	1	1	1	1	1	1
Fire trucks, engines, and other vehicles	74	79	79	72	72	71
Public Works						
Streets (center lane miles)	633.2	633.2	633.2	633.2	588.2	588.2
Traffic signals	318	314	312	312	309	308
Sewers (miles)	568.3	565.7	561.5	560.0	560.0	560.0
Storm Drains (miles)	148	148	148	148	148	148
Park						
Community parks	11	11	11	11	11	11
Mini parks	7	6	6	6	6	6
Neighborhood parks	21	20	20	20	21	21
Special use parks	6	6	6	6	6	6
City Libraries						
Branch libraries	7	7	6	5	4	5
Book mobiles	2	2	2	2	1	1

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Capital Assets Statistics by Function Last Six Fiscal Years

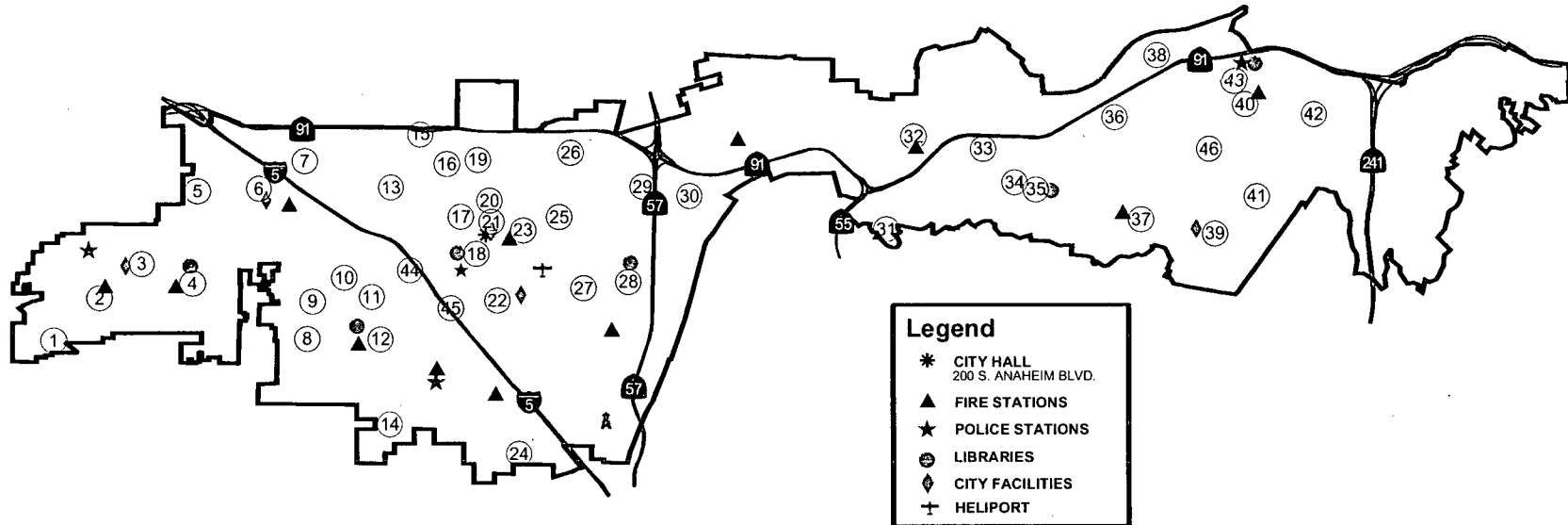
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Function/Program	Fiscal Year					
	2009	2008	2007	2006	2005	2004
Public Utilities Department						
Electric Utility:						
Transmission, 69kV, circuit miles	80	80	77	69	70	70
Distribution, 12 kV and lower, circuit miles						
Overhead	446	453	458	468	800	791
Underground	625	615	582	564	620	612
Water Utility:						
Active wells	18	21	19	21	23	26
Reservoirs	13	13	13	13	13	13
Water mains (miles)	750	750	747	746	747	749
Fire hydrants	7,751	7,749	7,730	7,720	7,848	7,818
Public Utilities Department						
Square footage available	1,130,00	1,130,00	1,130,00	1,130,00	1,130,00	1,130,00
Number of exhibit halls	5	5	5	5	5	5

Note: Statistics prior to fiscal year 2004 are not readily available.

Source: Various Departments, City of Anaheim

CITY OF ANAHEIM



PARKS

- | | | | | |
|--|--|--|---|---|
| 1. HANSEN PARK
1300 S. Knott St. | 11. WILLOW PARK
1625 W. Crone Ave. | 21. COLONY PARK
210 E. Lincoln Ave. | 31. OLIVE HILLS PARK
4200 Nohl Ranch Rd. | 41. CANYON RIM PARK
7305 E. Canyon Rim Rd. |
| 2. REID PARK
3100 W. Orange Ave. | 12. PALM LANE PARK
1595 Palais Rd. | 22. WALNUT GROVE PARK
905 S. Anaheim Blvd. | 32. RIVERDALE PARK
4545 E. Riverdale Ave. | 42. TOYON PARK
945 S. Weir Canyon Rd. |
| 3. SCHWEITZER PARK
238 S. Bel Air St. | 13. SAGE PARK
1313 Lido Pl. | 23. CITRUS PARK
104 S. Atchison St. | 33. PERALTA CANYON PARK
115 N. Pinney Dr. | 43. ROOSEVELT PARK
8160 E. Bauer Rd. |
| 4. MAXWELL PARK
2660 W. Orange Ave. | 14. STODDARD PARK
901 S. Ninth St. | 24. PONDEROSA PARK
2100 S. Haster St. | 34. PELANCONI PARK
222 S. Avenida Margarita | 44. ROSS PARK
1280 W. Santa Ana St. |
| 5. PETER MARSHALL PARK
801 N. Magnolia Ave. | 15. MANZANITA PARK
1260 Riviera St. | 25. LINCOLN PARK
1440 E. Lincoln Ave. | 35. IMPERIAL PARK
450 S. Imperial Hwy. | 45. COTTONWOOD PARK
853 W. Cottonwood Cir. |
| 6. BROOKHURST COMMUNITY PARK
2271 W. Crescent Ave. | 16. LA PALMA PARK & STADIUM
1151 La Palma Park Way | 26. EDISON PARK
1145 Baxter St. | 36. EUCALYPTUS PARK
100 N. Quintana Dr. | 46. DEER CANYON PARK
Mohler & Santa Ana Rd. |
| 7. JOHN MARSHALL PARK
2066 Falmouth Ave. | 17. PEARSON PARK
400 N. Harbor Blvd. | 27. BOYSEN PARK
951 State College Blvd. | 37. OAK PARK
6400 E. Nohl Ranch Rd. | |
| 8. MODJESKA PARK
1331 S. Nutwood St. | 18. LITTLE PEOPLES PARK
220 W. Elm St. | 28. JUAREZ PARK
841 S. Sunkist St. | 38. YORBA REGIONAL PARK
7600 E. La Palma Ave. | |
| 9. CLARA BARTON PARK
1926 Clearbrook Ln. | 19. JULIANNA PARK
309 E. Juliana St. | 29. PIONEER PARK
2565 E. Underhill Ave. | 39. OAK CANYON NATURE CENTER
6700 Walnut Canyon Rd. | |
| 10. CHAPARRAL PARK
1770 E. Broadway | 20. GEORGE WASHINGTON PARK
250 E. Cypress St. | 30. RIO VISTA PARK
201 N. Parkvista St. | 40. SYCAMORE PARK
8268 Monte Vista Rd. | |

