



POPULAR ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

Riverside, California





Dear Reader,

The City of Riverside is pleased to present our Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2023. Our PAFR provides an overview of the City's financial position in a manner that is easy to understand. The information in this report is based on the audited results presented in the City's Annual Comprehensive Financial Report (ACFR). This report also includes information about the City's economic outlook and organizational outstanding debt structure.

It is important to note, this PAFR is unaudited and is presented on a non-GAAP basis*. This means that the presentation of financial data in this report differs from the GAAP basis presentation in the City's ACFR. The differences are as follows: the use of prescribed accounting methods and financial statement formats; the presentation of segregated funds; and the disclosure of all material financial and non-financial matters in notes to the financial statements.

We hope that you find this report helpful and encourage you to access the City's website (www.RiversideCA.gov/Finance) or contact the Finance Department at (951) 826-5660 for more detailed information about the City's finances.

Sincerely,

Kristie Thomas

Financial Director/Assistant Chief Financial Officer

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* Generally Accepted Accounting Principles (GAAP) is a combination of authoritative standards and the commonly accepted way of recording and reporting accounting information. To review the audited GAAP-based, full disclosure financial statements, please refer to the City's ACFR, which is available on the City's website at www.RiversideCA.gov/Finance/

ABOUT THE CITY AND ITS LEADERSHIP

The City of Riverside operates under the council-manager form of government. Under this organizational structure, the City Council appoints a City Manager to act as the Chief Operating Officer. The City Council sets policy direction and the City Manager implements those policies. The Mayor is elected at-large, while Council members are elected by voters in each of seven separate wards. The Mayor shall be the presiding officer at all meetings of the City Council and shall have a voice in all its proceedings but shall not vote except to break a City Council tie-vote. The Mayor shall be the official head of the City for all ceremonial purposes.



The City of Riverside, incorporated on October 11, 1883, is in the western portion of Riverside County, about 60 mile east of Los Angeles. The City currently occupies a land area of 81.5 square miles.

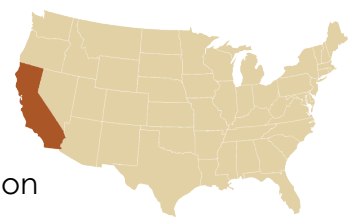
The City is a part of Inland Southern California, which consists of Riverside and San Bernardino Counties (the "MSA"). The population of Inland Southern California, at approximately 4.6 million, is larger than 26 states. The population of the City is 313,676 which places it as the 12th largest in California.



12th
largest city in California

59th

largest incorporated city in **the United States** by population



CITY DEMOGRAPHICS AND KEY STATISTICS

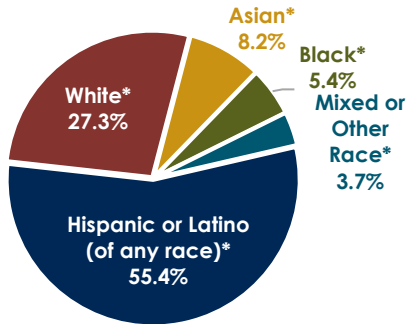
CITY DEMOGRAPHICS



\$605,000

Median Sale Price in Riverside

Source: Redfin calculations of home data from MLS and/or public records September 2023



Average Household Size: 3.12*

Unemployment Rate: 4.5%

Source: September 2023 Labor Force Data
California Employment Development Department



34.1% of the Population 25 years & over have a college degree*

(Associates, Bachelor's, Graduate/Professional)



Median Age: 33.9*

2022 Estimated Population

313,676

Source: California Department of Finance



Average Household Income: \$101,167*

* Source: United States Census Bureau, 2022 American Community Survey 1-Year Estimates – Most recent data available at time of publication

CITY KEY STATISTICS

Police

4 Police Stations &
1 Police Substations

626 Police Personnel
(Sworn & Non-Sworn)

Fire

14 Fire Stations
1 Training Facility

252 Fire Personnel

45,073 Calls Answered

Culture & Recreation

8 Library Branches

14 Community Centers

3,010.5 Acres of Parks

43 Playgrounds &
44 Softball/Baseball Diamonds

Public Works

30,745 Streetlights

893.28 Streets (miles)

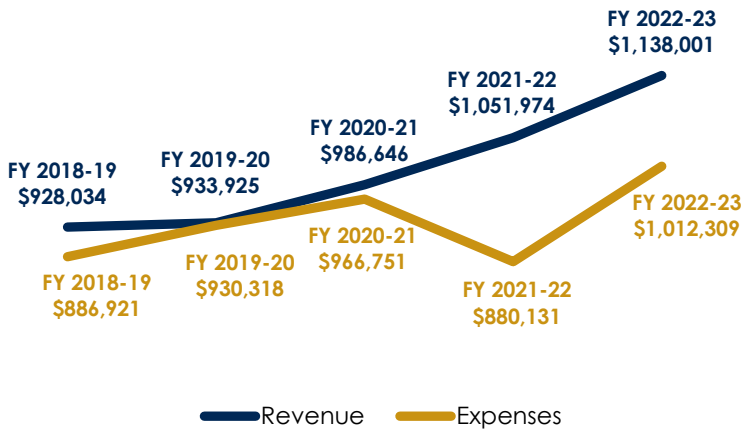
14.6 Street Resurfacing (miles)

WHAT'S NEW: FINANCIAL HIGHLIGHTS

Overall, the City as a whole has seen revenue increasing and expenses trending upward. For the year ended June 30, 2023, revenue exceeded expenses by nearly \$125.7 million. The positive increase in unrestricted net position is primarily the result of the increases in sales tax, property tax, investment income, and miscellaneous one-time revenue.

FIVE-YEAR REVENUES VS EXPENSES – CITYWIDE

In thousands of dollars



\$360.4 Million

**General Fund
2022-23 Budget
Final Budget***

\$327.1 Million

**General Fund
2023-24 Budget
Adopted Budget***

Long-Term Financial Planning

On June 21, 2022, the City Council adopted the City's 2022-2024 Biennial Budget. The budget for Fiscal Year 2023-24 was subsequently amended and re-adopted on June 27, 2023, and is comprised of \$1.38 billion in funding for citywide operations, including \$140.5 million for capital projects. The Biennial Budget embraces the concepts of Priority Based Budgeting (PBB) that align City resources with the strategic priorities outlined in the Envision Riverside Strategic Plan 2025.

*excludes Measure Z spending



2,626.65 Full-Time Equivalent
City Employees providing services to
our community



1 General Fund Reserve aspiration
goal of 20% of expenditures
reaffirmed by City Council and met
(\$65.5 million)



1 Priority Based Budgeting Strategy
implementation process progressing



\$36.8 million American Rescue Plan
Act spending plan (second allocation)
approved by City Council

American Rescue Plan Act (ARPA)

On March 11, 2021, President Biden passed the \$1.9 trillion American Rescue Plan Act (ARPA). The ARPA established the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund, which aid eligible state, local, territorial, and Tribal governments to assist in the recovery from economic and health impacts of the COVID-19 pandemic.

The City received one-time funding of approximately \$73.5 million from ARPA with the first installment of \$36.7 million received in June 2021 and \$36.8 million received in June 2022. The City may use the funds to best support the needs of the community providing the use of the funds aligns with statutory categories.

On November 9, 2021, the City Council approved the ARPA spending plan for the first allocation in the amount of \$36.7 million. On February 7, 2023, the City Council approved the ARPA spending plan for the second allocation in the amount of \$36.8 million.

For more information about the City's plan for ARPA spending, please visit:
<https://www.riversideca.gov/citymanager/arpa>



THE CITY'S FINANCIAL POSITION

The Statement of Net Position financial statement presents information about the City's assets, liabilities, deferred outflows (e.g., prepaid items), and deferred inflows (e.g., advance collections). The City's net financial position is the balance of all assets and deferred outflows, less all liabilities and deferred inflows. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. For the fiscal year ended June 30, 2023, the City's net position improved by \$125.7 million.

STATEMENT OF NET POSITION – ALL FUNDS

In thousands of dollars

City Assets – What We Own	2022	2023
Current Assets consisting mainly of cash and amounts owed to the City	\$1,567,526	\$1,490,111
Net Capital Assets consisting primarily of buildings, equipment, and vehicles	3,306,450	3,302,316
TOTAL CITY ASSETS	\$4,873,976	\$4,792,427
Deferred Outflows of Resources, positive effect on Net Position	109,078	274,234
Total City Assets and Deferred Outflows	\$4,983,054	\$5,066,661
City Liabilities – What We Owe	2022	2023
Current Liabilities consisting of all amounts the City owes	\$346,946	\$312,601
Non-Current Liabilities consisting of long-term debt owed, including pension obligations	2,016,291	2,250,373
TOTAL CITY LIABILITIES	\$2,363,237	\$2,562,974
Deferred Inflows of Resources, negative effect on Net Position	380,165	138,343
Total City Liabilities and Deferred Inflows	\$2,743,402	\$2,701,317
CITY NET FINANCIAL POSITION	\$2,239,652	\$2,365,344



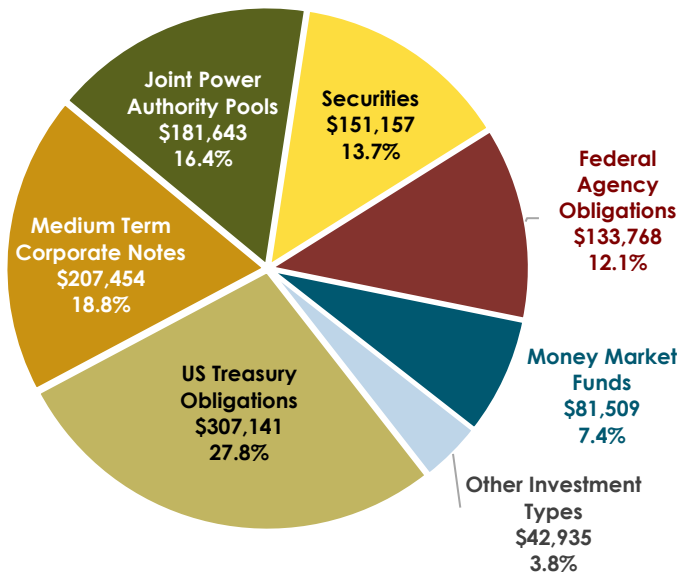
THE CITY'S ASSETS AND INVESTMENTS

INVESTMENT MANAGEMENT AND FUNDS ALLOCATION

The prioritized objective of the City's investment program is to preserve principal, ensure sufficient liquidity, and generate a market rate of return. The City's investments comply with California Government Code Section 53601 guidelines for permissible investment types and limits. In addition, all investments comply with the City Council's adopted investment policy which mitigates the City's risk. The chart below reflects the types of investments held by the City or its Fiscal Agent as of June 30, 2023.

INVESTMENT TYPE • \$1,105,607

In thousands of dollars



1.23 %
June 2022

2.89 %
June 2023

Average Purchase Yield to Maturity

Yield to maturity is the total return of investment anticipated on a bond if the bond is held until it matures. This figure is expressed as an annual rate. Based on information prepared by the City's investment consultant at year-end, the City's average purchase yield to maturity increased significantly when compared to the previous year.

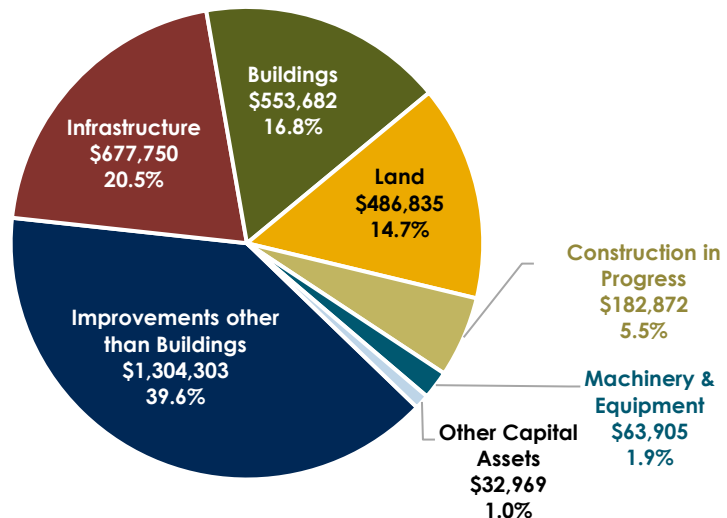
CAPITAL ASSETS, NET OF DEPRECIATION AND AMORTIZATION

\$3,302,316

(In thousands of dollars)

The City's capital asset investment includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways, bridges, and other capital assets (intangibles, lease, and subscription assets).

Major capital improvements included projects for road (\$30.3 million), storm drains (\$2.5 million), purchase of vehicles, trailers, and heavy equipment (\$3.7 million), water utility (\$16.3 million), and electric utility capital improvements (\$25.5 million).



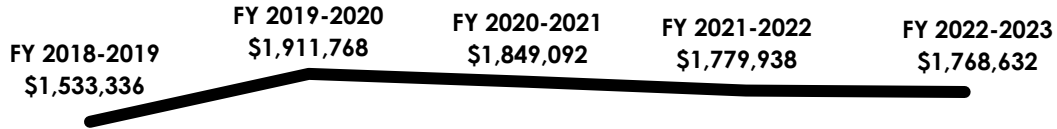
To review more comprehensive information about the City's funds in the audited GAAP-based, full disclosure financial statements, please refer to the City's ACFR which is available on the City's website at www.RiversideCA.gov/Finance/

WHAT THE CITY OWES

As of June 30, 2023, the City had outstanding long-term bonded debt totaling \$1.77 billion. A five-year history of the long-term debt for governmental and business-type activities is below.

Long-Term Bond Debt Outstanding*

In thousands of dollars



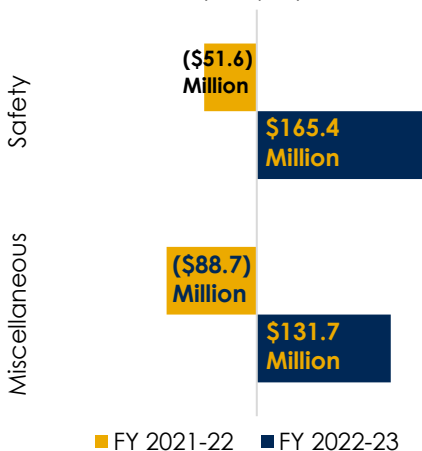
*Excludes debt issued by the City that is not a financial obligation of the City such as Fiduciary Funds.

The City issues bonds to support spending for construction, capital asset purchases, and improvements and unfunded pension liability.

Water, Electric, and Sewer Revenue Bonds \$1,163.7 million	Issued to acquire, purchase, construct, or improve major capital facilities. The revenue generated by the facility or activity supporting the facility is pledged as security for the repayment of debt.	
Certificates of Participation \$105.2 million	Used as a lease-purchase financing mechanism for public buildings such as the Convention Center.	
Pension Obligation Bonds \$425.1 million	Used to pay some of the pension plan's unfunded pension liability. The City's net pension liability as of June 30, 2023, was \$297.1 million.*	
Lease Revenue Bonds \$71.3 million	Used to finance public improvements such as City Hall, Galleria at Tyler, Police Patrol Center, and a Main Library Project.	
General Obligation Bonds \$3.4 million	Issued for the construction or acquisition of major capital assets. The security pledged for the bonds is the general taxing power of the government.	

Net Pension Liability/(Asset)*

Miscellaneous vs Safety Employees



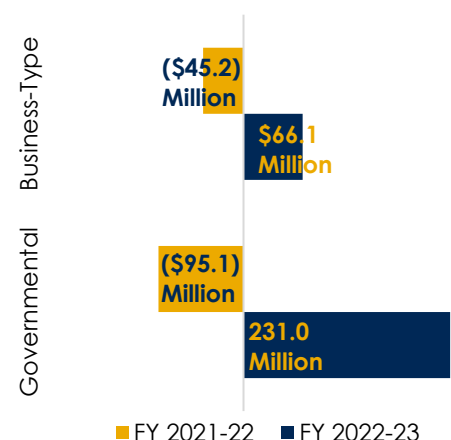
The largest impact to the City's long-term financial stability relates to the increase in pension costs from CalPERS. In Fiscal Year 2021-22, the City had a net pension asset instead of a liability. This means the present value of pension assets was greater than the projected pension obligations.* In Fiscal Year 2022-23, the City returned to a net pension liability primarily due to a negative CalPERS investment return.

For more information about how the City is handling the CalPERS challenge, please visit:

<https://riversideca.gov/citymanager/calpers-challenge>

Net Pension Liability/(Asset) by Fund Type

Governmental vs Business-Type Activities



*Based on Governmental Accounting Standards Board Pronouncement No. 68 Generally Accepted Accounting Principles reporting requirements which differs from the annual CalPERS actuarial report which contains information regarding the current financial status of the City's retirement plans and employer funding requirements.

STATEMENT OF ACTIVITIES

The Statement of Activities presents the City's revenue and expenses in a format that reflects the financial burden for each of the City's functions. All changes are reported as soon as the underlying event for the change occurs, regardless of the timing of the related cash flow.

For the fiscal year ended June 30, 2023, the City's governmental and business-type activities resulted in an increase of net position totaling more than \$125.7 million. The table below provides an overview of the effect of the City's functions on its net financial position.

STATEMENT OF ACTIVITIES – ALL FUNDS

In thousands of dollars

Program Revenue	2022	2023
Charges for Services	\$639,546	\$671,171
Operating Grants and Contributions	56,244	63,742
Capital Grants and Contributions	59,035	49,788
Total Program Revenue	\$754,825	\$784,701
General Revenue and Net Transfers	2022	2023
Sales Tax	\$173,933	\$177,722
Property Tax	79,790	84,751
Utility Users' Tax	32,464	34,963
Franchise Tax	5,955	6,422
Transient Occupancy Tax	8,764	8,587
Intergovernmental, unrestricted	661	467
Rental and Investment Income	(20,937)*	20,008
Miscellaneous and Transfers, net	16,519	20,380
Total General Revenue and Net Transfers	\$297,149	\$353,300
TOTAL PROGRAM, GENERAL REVENUES, AND NET TRANSFERS	\$1,051,974	\$1,138,001
Program Expenses	2022	2023
General Government	\$66,937	\$34,258
Public Safety	169,742	239,744
Highways and Streets	41,125	50,588
Culture and Recreation	38,885	50,863
Interest on Long-Term Debt and Fiscal Charges	19,806	18,598
Electric	354,752	401,427
Water	69,303	76,475
Sewer	59,060	67,195
Refuse	28,449	32,777
Civic Entertainment	21,804	27,698
Other Business-Type Activities	10,268	12,686
TOTAL PROGRAM EXPENSES	\$880,131	\$1,012,309
INCREASE IN NET POSITION	\$171,843	\$125,692
Net Position	2022	2023
Net Position, Beginning of year, as previously stated	\$2,067,166	\$2,239,652
<i>Prior period adjustment**</i>	643	
<i>Add increase in net position</i>	171,843	125,692
NET POSITION, ENDING	\$2,239,652	\$2,365,344

* Negative revenue was due to investments adjusted to fair market value at June 30, 2022.

** A prior period adjustment was made for Fiscal Year 2021-22, the adjustment was made to the Sewer Enterprise Fund for expenses items that should have been included as inventory.

CITY VISION, ACTIVITIES, AND SPENDING

The City of Riverside is committed to providing high quality municipal services to ensure a safe, inclusive, and livable community.

The City provides a full range of services which include general government, public safety, highway and street maintenance, economic development, culture and recreation, electric, water, airport, refuse, sewer, and senior citizen/handicap transportation.

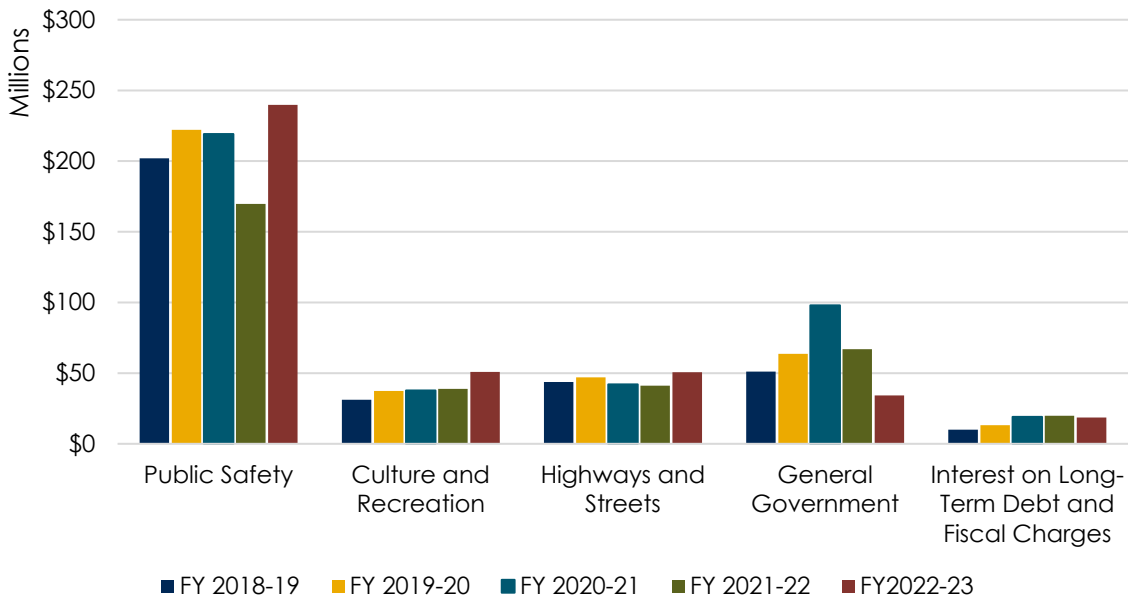


SPENDING: GOVERNMENTAL ACTIVITIES

The City's governmental activities include general government, public safety, highways and streets, and culture and recreation. These activities are principally supported by general revenue including taxes and investment income. The table below reflects a five-year history of spending for these activities.

FIVE-YEAR SPENDING HISTORY – GOVERNMENTAL

In thousands of dollars



Public Safety expenditures reflect the costs associated with providing police and fire services to residents and visitors.

Culture and Recreation expenditures enrich the quality of life in Riverside through recreational and cultural activities as well as support the educational and informational needs of the community.

Highways and Streets expenditures are related to the design, construction, maintenance, and operation of public facilities and infrastructure within the City.

General Government expenditures are for the administration offices, including the Mayor, City Council, City Manager, City Attorney, City Clerk, Community Development, Finance, Human Resources, General Services, and Innovation Technology.

Interest on Long-Term Debt and Fiscal Charges expenditures are for the interest expense and fiscal charges associated with debt financing.

GOVERNMENTAL ACTIVITY: FINANCIAL HIGHLIGHTS

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 recorded in another fund. Fund balance highlights are below.

FUND BALANCE OVERVIEW – GENERAL FUND

Excludes Measure Z Activity

(In thousands of dollars)

FY 2022-23 Fund Balance

\$178,324



Non-Spendable
(e.g., Deposits & Inventory)

\$1,829



Committed (Fund use
determined by formal Council
or Board Approval)

\$106,301



Unassigned
(Available for Use)

\$24,700



Restricted (Fund use
restricted for a specific
purpose)

\$32,695



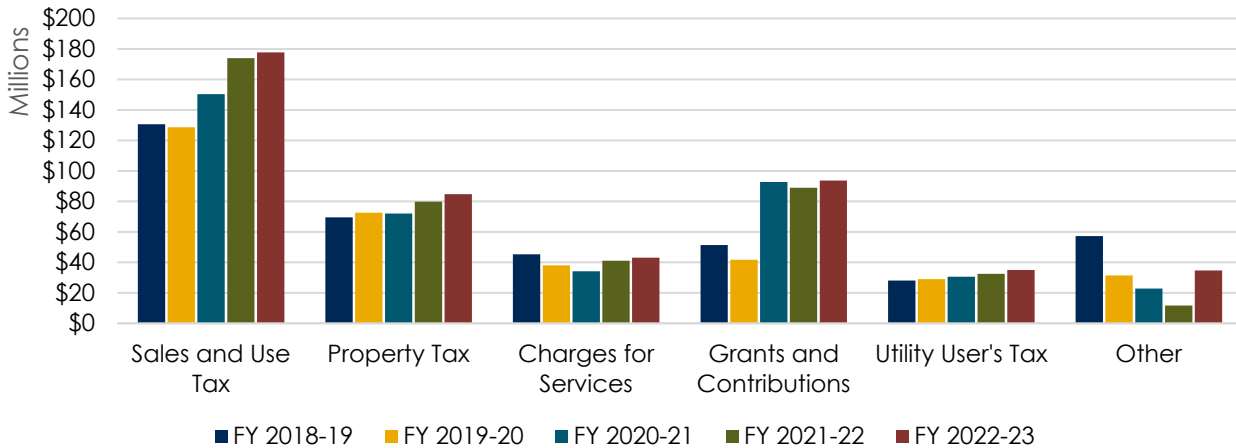
Assigned (Fund use intended
for a specific purpose)

\$12,799

Functions of the City can be separated into two categories, those that are principally supported by taxes and intergovernmental revenues (governmental activities) and those that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

FIVE-YEAR REVENUE HISTORY – GOVERNMENTAL

In thousands of dollars



Sales and Use Tax – consumable tax placed on retail sales, leases or rentals of most goods, and any taxable services as mandated.

Property Tax – legally enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10.

Charges for Services – revenues that arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the service.

Grants and Contributions (operating and capital) – revenues arising from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

Utility User's Tax 6.5% usage tax on landline telephone, electricity, gas, water, and cable. The tax is collected by the utility company as part of its regular billing procedure and then remitted to the City.

Other consists of franchise tax, transient tax, intergovernmental (unrestricted), rental and investment income, and miscellaneous income, including one-time revenues.

MEASURE Z REVENUE AND SPENDING

In May 2017, the City began receiving revenue for the Measure Z additional one-cent sales and use tax authorized by voters during the November 2016 election. In Fiscal Year 2022-23, the City received \$82.9 million in Measure Z revenue. Unspent revenue will be used for approved purposes in future fiscal years.



FUNDED BY
MEASURE Z

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE MEASURE Z

In thousands of dollars

Measure Z - Revenue	
Taxes	\$84,016
Rental and Investment Income	(1,105)
Miscellaneous	10
Total Revenue	\$82,921
Measure Z - Expenditures	
Current:	
General Government	3,548
Public Safety	24,631
Highways and Streets	1,593
Culture and Recreation	451
Capital Outlay and Debt Service	12,755
Total Expenditures	\$42,978
Excess of Revenues Over Expenditures	\$39,943
Measure Z - Other Financing Sources (Uses)	
Transfers out	(36,406)
Transfers out to General Fund*	(18,266)
Issuance of debt related to leases and subscriptions	337
Total Other Financing Sources (Uses)	(\$54,335)
INCREASE IN MEASURE Z BALANCE	(\$14,392)
Measure Z - Net Position	
Fund Balance, Beginning of Year	89,445
Add increase in fund balance	(14,392)
FUND BALANCE, END OF YEAR	\$75,053

* Measure Z funds are within the General Fund. Per accounting standards, transfers within the same fund are not reflected in the Statement of Revenues, Expenditures and Changes in Fund Balances; however, General Fund transfers are reflected in this schedule for transparency purposes.

BUSINESS-TYPE ACTIVITIES: FINANCIAL HIGHLIGHTS

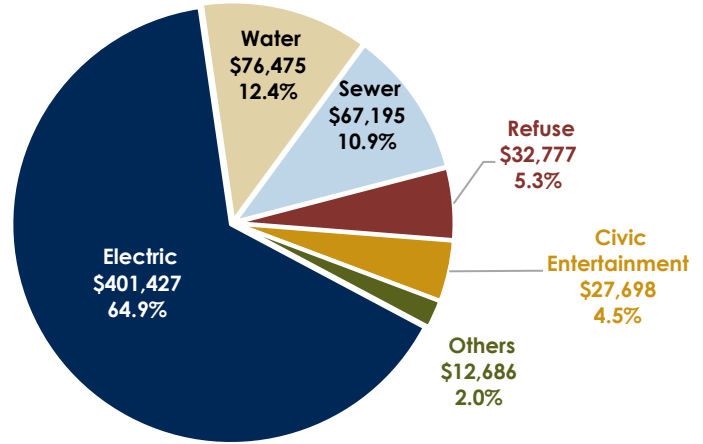
EXPENSES: BUSINESS-TYPE ACTIVITIES

The business-type activities of the City include Electric, Water, Sewer, Civic Entertainment and Others (Refuse, Public Parking, Airport, and Transportation services).

2023 SPENDING – BUSINESS-TYPE ACTIVITIES

(In thousands of dollars)

Electric is the largest business-type function in the City with \$401 million in spending during Fiscal Year 2022-23. Water and Sewer business activities have the next largest level of spending with more than \$143.7 million during the fiscal year (\$76.5 million and \$67.2 million, respectively).



The Electric Fund accounts for the activities of the City's electric distribution operations. To give an overview of the overall financial health of the fund, a five-year history of the fund balance is below. The total includes non-spendable assets and funds that are restricted for specific purposes. Fund balance does not reflect funds available for new electric distribution operations spending.



FUND BALANCE – ELECTRIC FUND

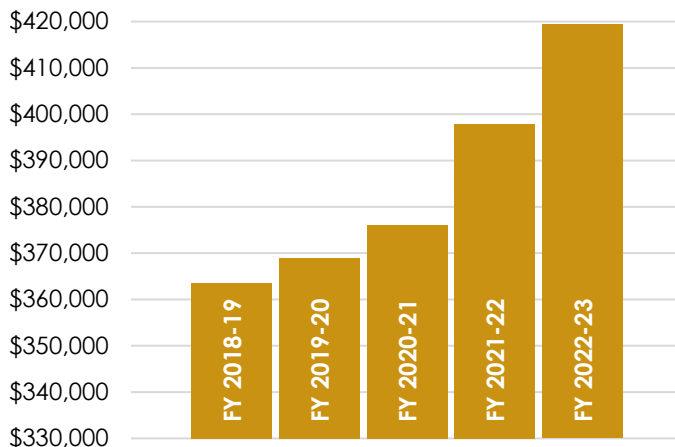
In thousands of dollars



2,175 annual consumption (millions of kwh)

CHARGES FOR SERVICE - ELECTRIC

In thousands of dollars



112,751 Active Electric Meters - includes Residential, Commercial, and Industrial



473.0 employee positions approved to provide Electric – related services

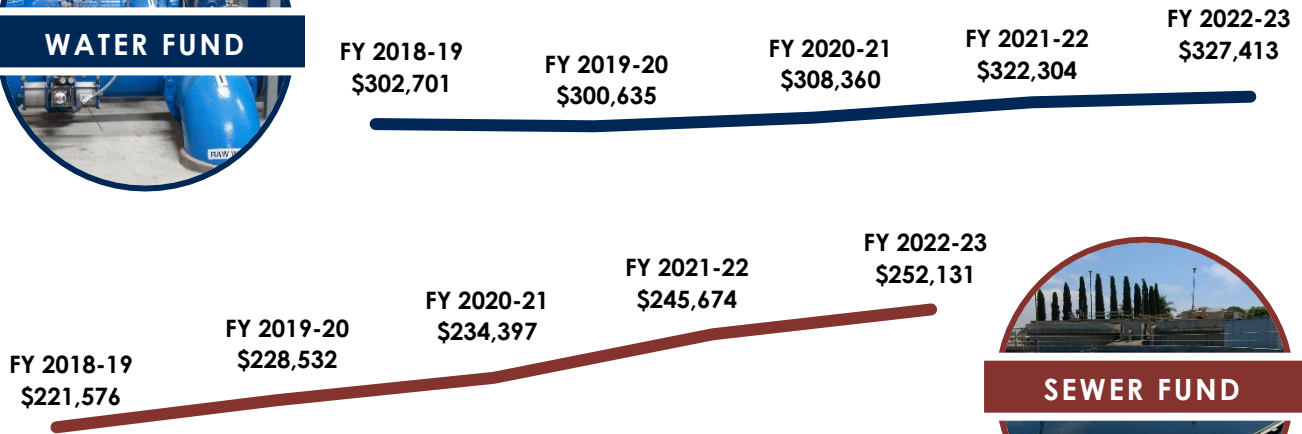
BUSINESS-TYPE ACTIVITIES: FINANCIAL HIGHLIGHTS (CONTINUED)

The Water Fund accounts for the activities of the City's water distribution operations and the Sewer Fund accounts for the activities of the City's sewer systems. To give an overview of the overall financial health of each fund, a five-year history of the fund balance is below. The total includes non-spendable assets and funds that are restricted for specific purposes. Fund balance does not reflect funds available for new water and sewer operations spending.



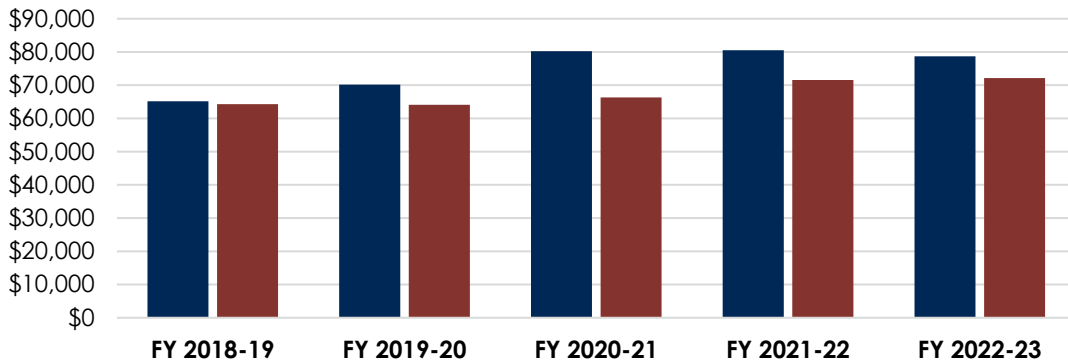
FUND BALANCE – WATER AND SEWER FUNDS

In thousands of dollars



CHARGES FOR SERVICE - WATER AND SEWER

In thousands of dollars



66,441
Number of Accounts



23,667,466
annual water consumption (CCF*)

*CCF = Centum Cubic Feet = 748 gallons

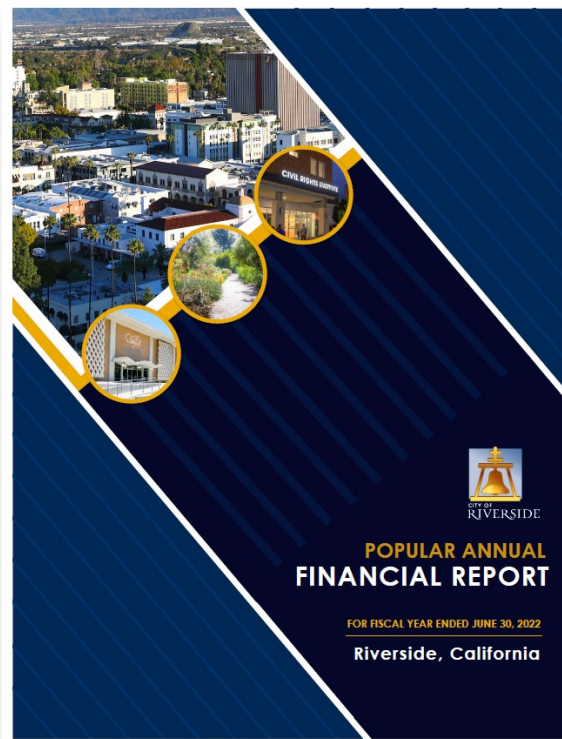


17,575
New Connections



26.98
Average Daily Sewage Treatment (Millions of gallons)

**AWARD
REVIEW
PENDING**



Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Report to the City of Riverside for its Popular Annual Financial Report for the fiscal year ended June 30, 2017 through 2021. The Award for Outstanding achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. There has been a delay in the review of our Popular Annual Financial Report for the fiscal year ended June 30, 2022. We believe this report conformed to GFOA standards and the City of Riverside will receive its sixth award. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements. We are submitting it to GFOA to determine its eligibility for another Award.



City of Riverside, City Hall
3900 Main Street
Riverside, CA 92522

ExploreRiverside.com

City of Arts & Innovation