



City of Arts & Innovation

# News Release

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## **City of Riverside Finances Strong, Reports Show**

*Fourth quarter report presented to City Council shows a surplus in fiscal year 2016-17*

RIVERSIDE, Calif. – Strong fiscal management, along with higher than expected revenue from property taxes and development fees, reflecting historic levels of investment, combined to help the City of Riverside finish fiscal year 2016-17 with a surplus, according to a financial report made to the City Council on Tuesday (11/14).

The results mean the city will be able to invest in repairs and improvement to City facilities and increase General Fund Reserves to \$41.5 million, or 15.4 percent of operating expenditures. That amount is above the City Council-approved policy of 15 percent and gets the city closer to the Council’s aspirational goal of 20 percent.

“The City of Riverside has made tremendous fiscal progress in the past year,” Mayor Rusty Bailey said. “Remarkable levels of investment in our city, combined with responsible limits on expenditures within City Hall, are setting the stage for increased financial success in the future.”

The results cap nearly two years of actions designed to stabilize and strengthen Riverside’s financial condition. Since December, 2015, the City Council has approved shifting the annual budget to a two-year budget in the context of a five year plan; received a report from executive management on unfunded needs around the city; approved reductions in department budgets; established a Budget Engagement Commission to receive input from residents; adopted a Responsible Spending Pledge; and worked with voters to pass Measure Z, a one-cent sales tax increase.

“The past two years have not been easy, but the results are very impressive,” Mayor Pro Tem Jim Perry said. “As a result of these actions, and the willingness of the voters to invest in Riverside, our city enjoys a much stronger financial foundation than ever before.”

Some of the items that contributed to the surplus include:

- Property taxes that were \$1.2 million higher than expected, in part due to properties formerly owned by the Redevelopment Agency being sold and added back to the tax rolls.

- Development fees and other revenues, aided by the creation of a One-Stop Shop that helps projects get processed faster, were up \$330,000. The city is experiencing the highest construction permit valuation, reflecting investment in the city, in the past 11 years.
- General fund transfers were \$900,000 higher because claims for damages that involve sewer laterals are now being paid out of the Sewer Fund.
- Miscellaneous revenues were \$1.55 million higher than expected, in part due to refinancing past debt.

Because Riverside is on a two-year budget cycle covering 2016-18, the City will begin the second half of the cycle – fiscal year 2017-18 -- with \$7.9 million carried over from the 2016-17 fiscal year, including about \$4 million in the General Fund, which pays for most city services.

The surplus also allows Riverside to allocate \$2.5 million to the Self-Insurance Trust Funds Reserve, raising that to 32 percent. City policy calls for that to be 40 percent by June 30, 2018 and 50 percent by June 30, 2020.

The City Council approved spending some of the surplus on repairs and improvements at the Riverside Convention Center (\$140,000), Fox Entertainment Plaza (\$70,000), Riverside Municipal Auditorium (\$70,000) and citywide building repair and maintenance (\$1 million). The Council also approved \$25,000 Historic Preservation Fund grants for the Harada House and Heritage House projects, respectively.

The city also is taking steps to develop much-needed financial policies. In addition to reserve policies for the city's major funds, work is under way on the balanced budget, long-term financial planning, and capital planning policies.

The City's focus on finances also is being noticed outside City Hall. The City of Riverside's general obligation bonds recently were upgraded from A+ to AA-, and a recent audit by an external CPA firm generated a clean audit opinion, with no identified findings or deficiencies.

The audit by Macias, Gini & O'Connell LLP found that Riverside had accurately reflected its financial position in regards to its Comprehensive Annual Financial Report (CAFR) and Single Audit of federal grants, as well as standalone financial statements of Riverside Public Utilities, the City's Public Financing Authority and Successor Agency.