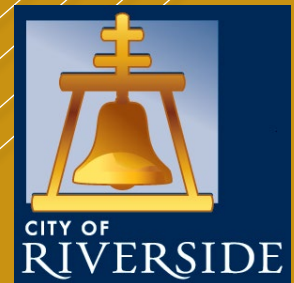
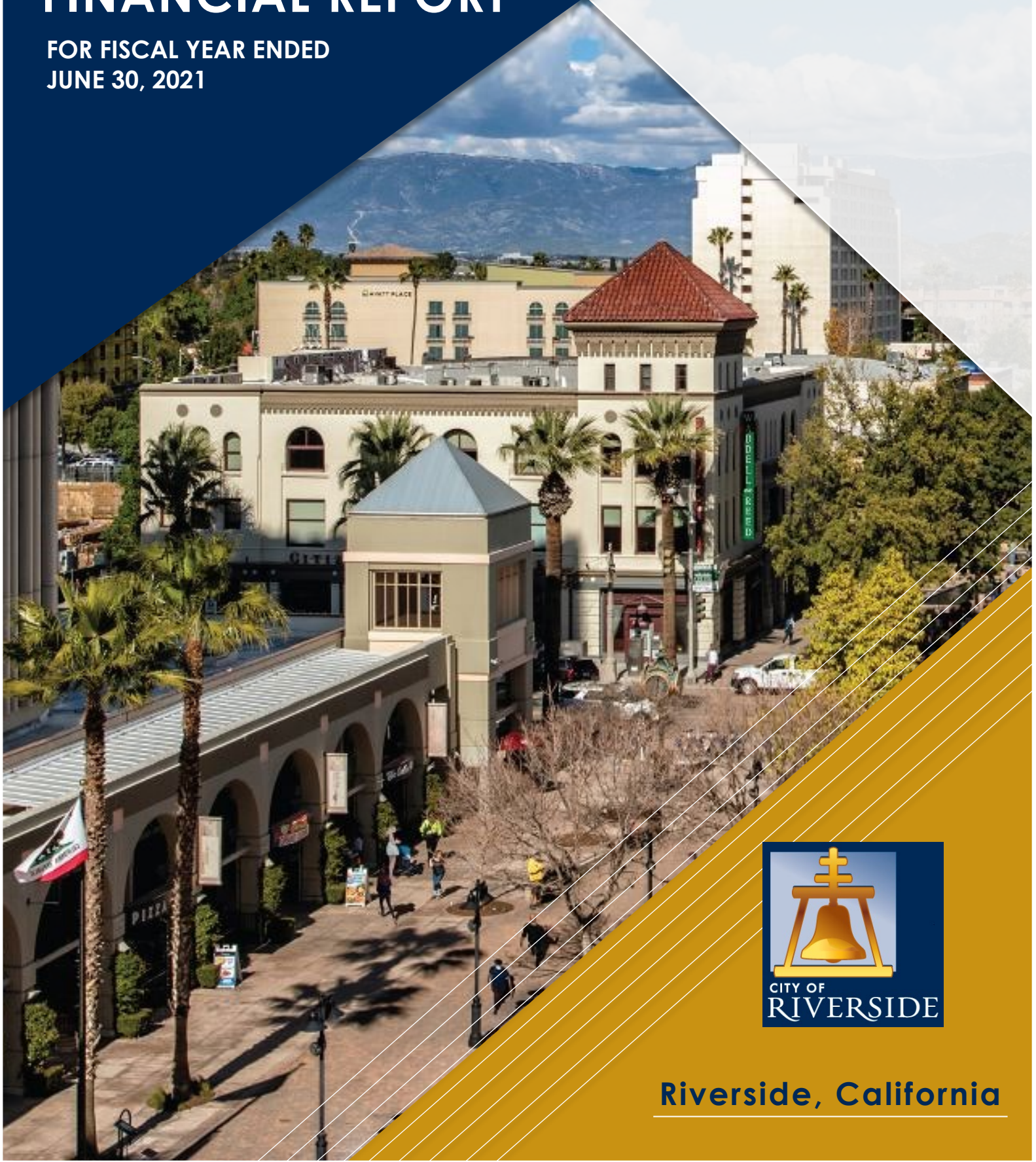


POPULAR ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED
JUNE 30, 2021



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, 2021. 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,

Edward Enriquez
Chief Financial Officer/City Treasurer

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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.

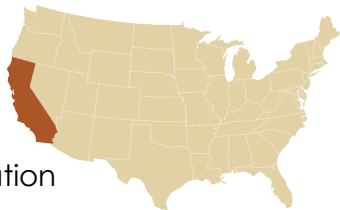
The City is a part of Inland Southern California, which consists of Riverside and San Bernardino Counties (the "MSA"). The population of Inland Southern California, at approximately 4.6 million, is larger than 25 states. The population of the City is 324,302 which places it as the 12th largest in California.



12th
largest city in
California

58th

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



CITY DEMOGRAPHICS AND KEY STATISTICS

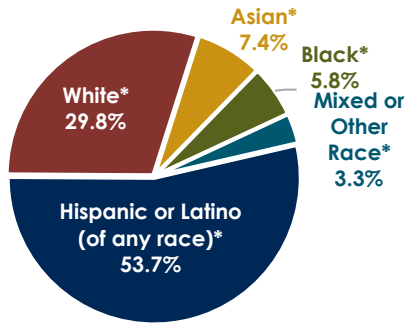
CITY DEMOGRAPHICS



\$578,000

Median Sale Price in Riverside

Source: California Association of Realtors
September 2021



Average Household Size: 3.43*

Unemployment Rate: 7.9%

Source: June 2021 Labor Force Data
California Employment Development Department – County of Riverside data



30.7% of the Population 25 years & over have a college degree*

(Associates, Bachelor's, Graduate/Professional)



Median Age: 31.6*

2020 Estimated Population

324,302

Source: California Department of Finance



Average Household Income: \$85,486*

* Source: United States Census Bureau, 2019 American Community Survey 5-Year Estimates – Most recent data available at time of publication

CITY KEY STATISTICS



Police



4 Police Stations &
1 Police Substations



585 Police Personnel
(Sworn & Non-Sworn)



Fire



14 Fire Stations
1 Training Facility



251 Fire Personnel



31,918 Calls Answered



Culture & Recreation



8 Library Branches



2,988 Acres of Parks



12 Community Centers



46 Playgrounds &
44 Softball/Baseball Diamonds



Public Works



30,489 Streetlights



891.28
Streets (miles)



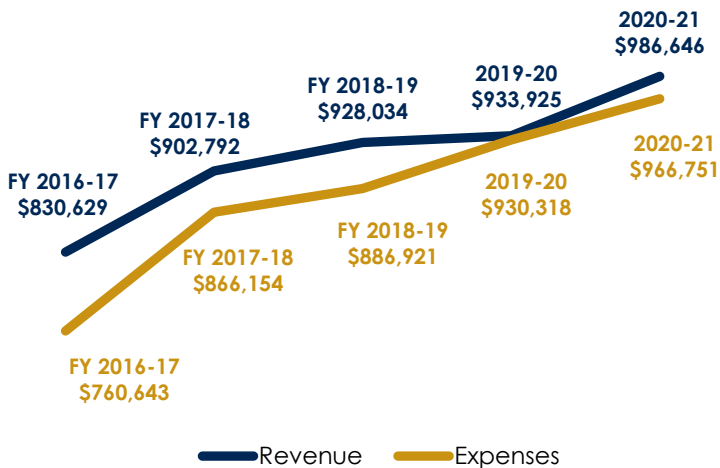
7.3
Street Resurfacing
(miles)

WHAT'S NEW: FINANCIAL HIGHLIGHTS

Overall, the City as a whole has seen revenue and expenses trending upward. For the year ended June 30, 2021, revenue exceeded expenses by nearly \$19.9 million. This had a positive impact on the City's overall financial position and was primarily attributed to funds received and expended from various COVID-19 grants.

FIVE-YEAR REVENUES VS EXPENSES – CITYWIDE

In thousands of dollars



\$275.4 Million

**General Fund
2020-21 Budget
Final Budget***

\$287.0 Million

**General Fund
2021-22 Budget
Original Budget***

Long-Term Financial Planning

On June 22, 2021, the City Council adopted the City's Fiscal Year 2021-22 Annual Budget comprised of \$1.1 billion in funding for citywide operations and \$116 million for capital projects. The FY 2021-22 one-year budget is a bridge between the FY 2020-21 Emergency Budget developed during the pandemic and the upcoming FY 2022-24 Biennial Budget which will embrace 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



2,549.65 Full-Time Equivalent City Employees providing services to the community



1 Priority Based Budgeting Strategy implementation process progressing.



1 General Fund Reserve aspiration goal of 20% of expenditures reaffirmed by City Council and met (\$57.4 million).



\$28.1 million CARES Act funds spent to assist the community impacted by the pandemic.

COVID-19 PANDEMIC – THE PATH TO RECOVERY



Throughout the COVID-19 pandemic, the Big City Mayors (BCM) engaged the State's legislative leaders and Governor to solicit support for the creation of a dedicated funding opportunity for the seven cities (Long Beach, Oakland, Bakersfield, Anaheim, Santa Ana, Riverside, and Stockton) of the coalition that did not receive a direct allocation from the Coronavirus Relief Fund due to population size. This targeted advocacy effort resulted in the inclusion of a specific \$225 million set-aside for these seven cities as part of the State budget with the City of Riverside receiving an allocation of approximately \$28 million.

The CARES Act spending plan was approved by City Council on August 4, 2020 and on July 13, 2021, a final CARES Act expenditure report was presented to City Council. The CARES Act grant provided much needed assistance to our community.

The American Rescue Plan Act (ARPA) established Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund, which provides a combined \$350 billion in assistance by providing resources to address impacts resulting from the crisis. The City will receive one-time funding of approximately \$73.5 million with the first installment of \$36.7 million received in June 2021. The balance will be received in June 2022. The City's proposed expenditure plan for the first allocation of funding was approved by the City Council on November 9, 2021. The second allocation will be presented to City Council for consideration at a future date.

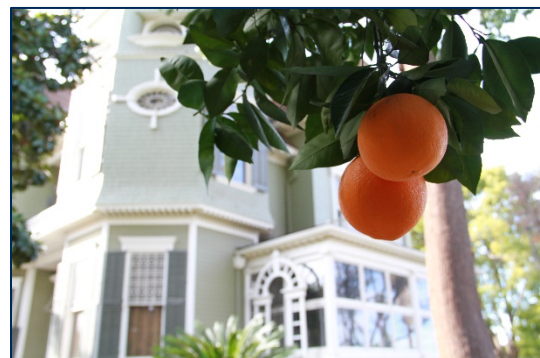
THE CITY'S FINANCIAL POSITION

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, 2021, the City's net position improved by over \$100.8 million.

STATEMENT OF NET POSITION – ALL FUNDS

In thousands of dollars

City Assets – What We Own	2020	2021
Current Assets consisting mainly of cash and amounts owed to the City	\$1,171,736	\$1,227,474
Net Capital Assets consisting primarily of buildings, equipment, and vehicles	3,221,726	3,313,464
TOTAL CITY ASSETS	\$4,393,462	\$4,540,938
Deferred Outflows of Resources, positive effect on Net Position	627,142	171,049
Total City Assets and Deferred Outflows	\$5,020,604	\$4,711,987
City Liabilities – What We Owe	2020	2021
Current Liabilities consisting of all amounts the City owes	\$220,927	\$169,564
Non-Current Liabilities consisting of long-term debt owed, including pension obligations	2,776,535	2,464,963
TOTAL CITY LIABILITIES	\$2,997,462	\$2,634,527
Deferred Inflows of Resources, negative effect on Net Position	56,756	10,294
Total City Liabilities and Deferred Inflows	\$3,054,218	\$2,644,821
CITY NET FINANCIAL POSITION	\$1,966,386	\$2,067,166



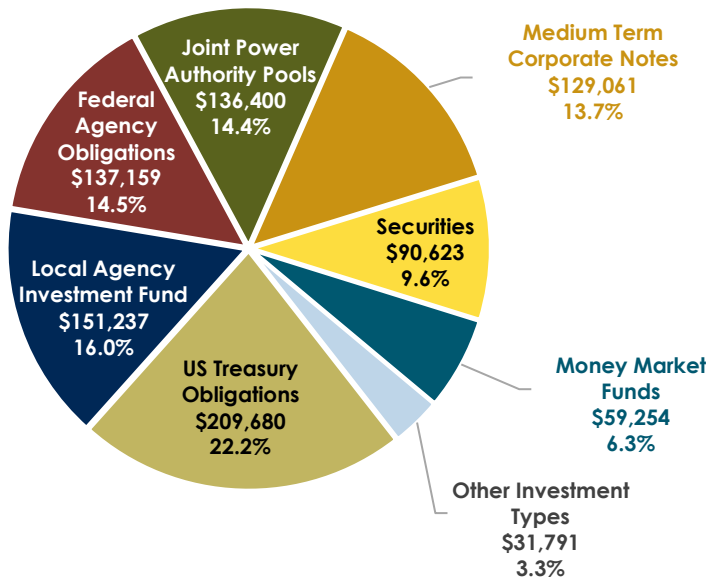
THE CITY'S ASSETS AND INVESTMENTS

INVESTMENT MANAGEMENT AND FUNDS ALLOCATION

The prioritized objective of the City's investment program is to preserve principal, ensure enough 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, 2021.

INVESTMENT TYPE • \$945,205

In thousands of dollars



1.20 %
June 2020

0.82 %
June 2021

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 decreased significantly when compared to the previous year. The decrease reflects the impact of COVID-19 on the financial markets.

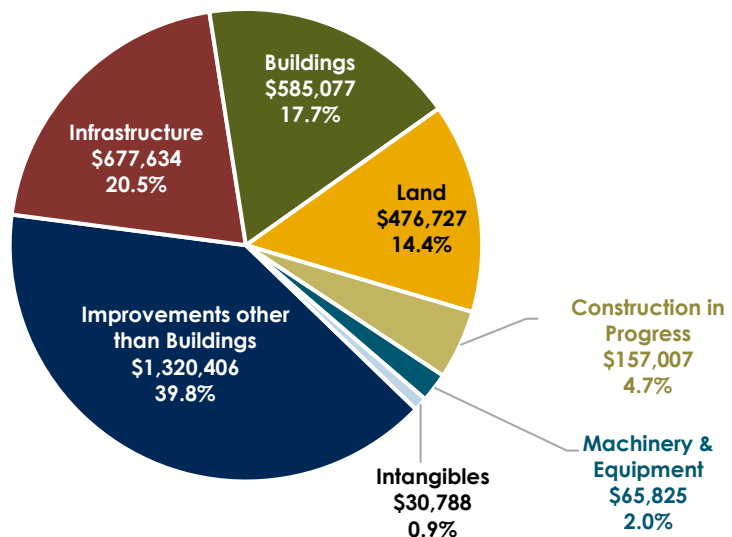
CAPITAL ASSETS, NET OF DEPRECIATION

\$3,313,464

(In thousands of dollars)

The City's capital asset investment includes land, intangibles, buildings and improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital improvements included projects for road (\$26.3 million), sewer mains and tertiary treatment plant (\$9.1 million), water utility (\$9.7 million), and electric utility capital improvements (\$30.2 million).



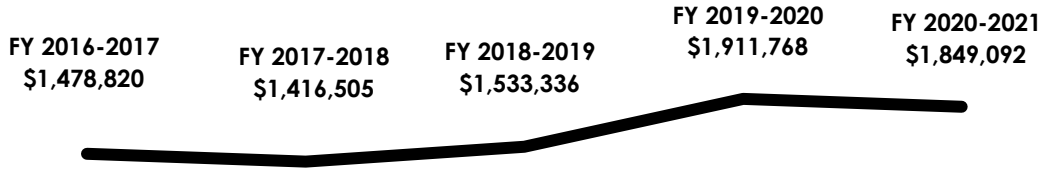
To review more comprehensive information about the City's funds in the audited GAAP-based, full disclosure financial statements, please refer to the City's ACFR which is available on the City's website at www.RiversideCA.gov/Finance/

WHAT THE CITY OWES

As of June 30, 2021, the City had outstanding long-term bonded debt totaling \$1.8 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



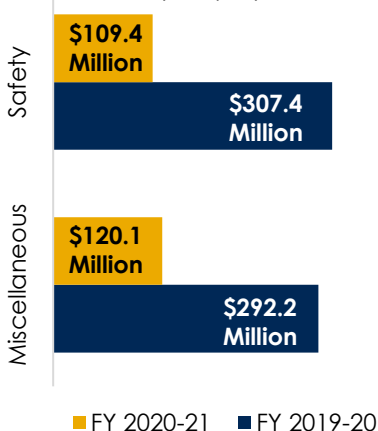
*Excludes debt issued by the City that is not a financial obligation of the City such as Fiduciary Funds.

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

Water, Electric, and Sewer Revenue Bonds \$1,176.6 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 \$117.4 million	Used as a lease-purchase financing mechanism for public buildings such as the Convention Center.	
Pension Obligation Bonds \$469.1 million	Used to pay some or all the pension plan's unfunded pension liability. The City's net pension liability as of June 30, 2021 was \$229.6 million*, a portion of which is funded with Pension Obligation Bonds.	
Lease Revenue Bonds \$79.5 million	Used to finance public improvements such as City Hall, Galleria at Tyler, Police Patrol Center and a Main Library Project.	
General Obligation Bonds \$6.5 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*

Miscellaneous vs Safety Employees

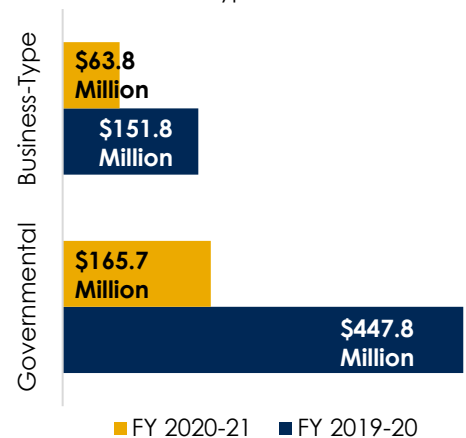


The largest impact to the City's long-term financial stability relates to the increase in pension costs from CalPERS. Net pension liability was significantly reduced during Fiscal Year 2020-21 with the issuance of the 2020 Pension Obligation Bonds. This will reduce future unfunded pension liability payments. For more information about how the City is handling the CalPERS challenge, please visit:

[Riversideca.gov/CityManager/CalPERSChallenge](https://www.riversideca.gov/CityManager/CalPERSChallenge)

Net Pension Liability 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, 2021, the City's governmental and business activities resulted in an increase of net position totaling more than \$100.8 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	2020	2021
Charges for services	\$585,005	\$589,373
Operating grants and contributions	25,252	68,381
Capital grants and contributions	33,924	40,557
Total Program Revenue	\$644,181	\$698,311
General Revenue and Net Transfers	2020	2021
Sales Tax	\$128,653	\$150,321
Property Tax	72,609	71,986
Utility Users Tax	29,044	30,577
Franchise Tax	5,443	5,527
Transient Occupancy Tax	5,959	5,801
Intergovernmental, unrestricted	656	499
Rental and Investment Income	30,023	5,650
Miscellaneous and Transfers, net	17,357	18,575
Total General Revenue and Net Transfers	\$289,744	\$288,936
TOTAL PROGRAM, GENERAL REVENUES, AND NET TRANSFERS	\$933,925	\$987,247
Program Expenses	2020	2021
General Government	\$63,651	\$97,927
Public Safety	222,061	219,136
Highways and Streets	46,983	42,034
Culture and Recreation	37,400	37,693
Interest on Long-Term Debt	13,181	19,083
Electric	350,667	366,165
Water	73,742	71,738
Sewer	62,961	61,029
Refuse	26,549	28,428
Civic Entertainment	21,584	11,885
Other Business-Type Activities	11,539	11,633
TOTAL PROGRAM EXPENSES	\$930,318	\$966,751
INCREASE IN NET POSITION	\$3,607	\$20,496
Net Position	2020	2021
Net Position, Beginning	\$1,962,779	\$1,966,386
<i>Prior period adjustment*</i>	-	80,284
<i>Add increase in net position</i>	3,607	20,496
NET POSITION, ENDING	\$1,966,386	\$2,067,166

* A prior period adjustment was made to land and infrastructure additions due to a change in calculation of street mileage from a system upgrade.

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.

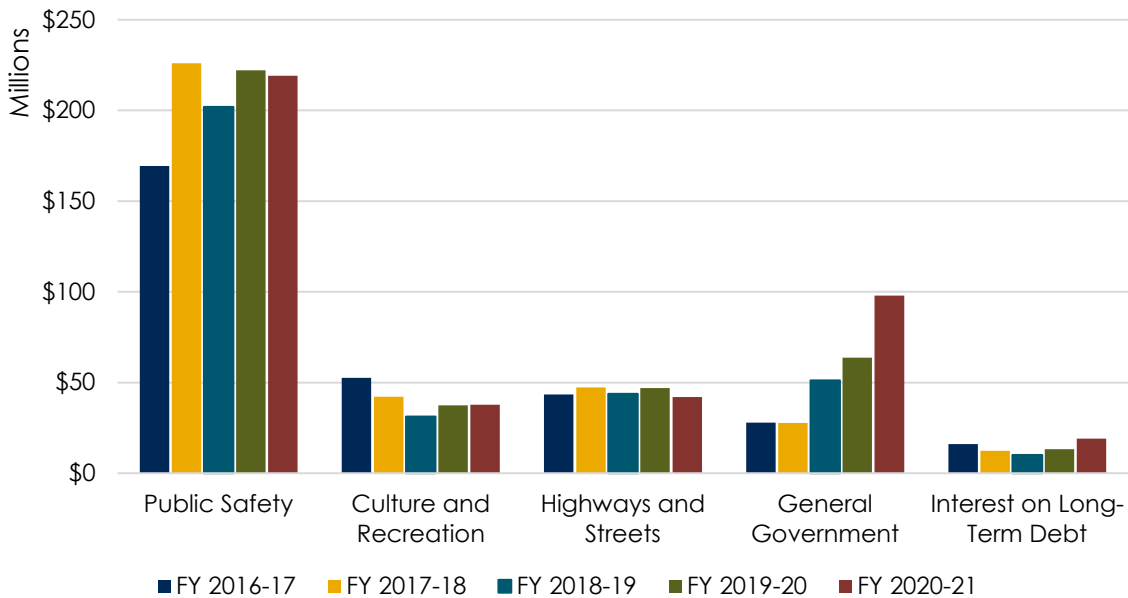


SPENDING: GOVERNMENTAL ACTIVITIES

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 City Council, City Manager, City Attorney, City Clerk, Finance, Human Resources, General Services, and Innovation Technology.

Interest on Long-Term Debt expenditures are for the interest expense 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 2020-21 Fund Balance

\$100,275



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

\$1,762



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

\$57,400



Restricted (Fund use
restricted for a specific
purpose)

\$10,697



Assigned (Fund use intended
for a specific purpose)

\$7,297



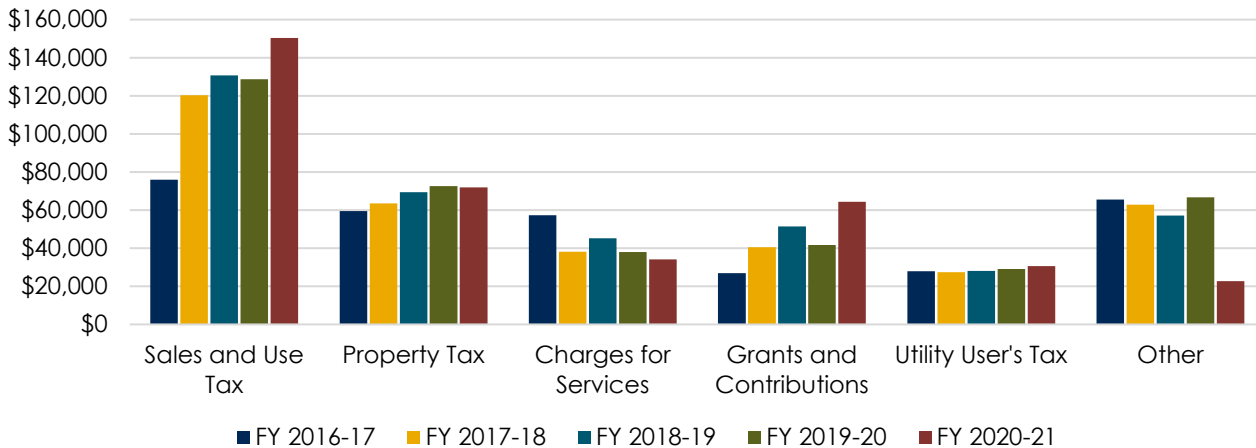
Unassigned
(Available for Use)

\$23,119

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 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 transit occupancy tax, franchise fees and investment income.

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 2020-21, the City received \$72.5 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	\$71,999
Rental and Investment Income	466
Total Revenue	\$72,465
Measure Z - Expenditures	
Current:	
General government	2,056
Public Safety	18,461
Highways and streets	995
Culture and Recreation	444
Capital outlay	349
Total Expenditures	\$22,305
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$50,160
Measure Z - Other Financing Sources (Uses)	
Transfers in	\$506
Transfers out	(19,870)
Transfers in/(out) to General Fund*	(18,266)
Total Other Financing Sources (Uses)	(\$37,630)
INCREASE IN MEASURE Z BALANCE	12,530
Measure Z - Net Position	
Net Change in Fund Balance	\$12,530
<i>Fund Balance, Beginning of Year</i>	46,842
FUND BALANCE, END OF YEAR	\$59,372

* 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

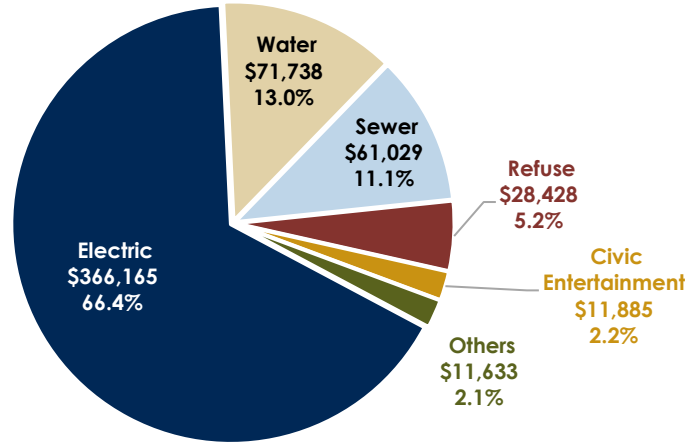
EXPENSES: BUSINESS-TYPE ACTIVITIES

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

2021 SPENDING – BUSINESS-TYPE ACTIVITIES

(In thousands of dollars)

Electric is the largest business-type function in the City with \$366.2 million in spending during Fiscal Year 2020-21. Water and Sewer business activities have the next largest level of spending with more than \$132.7 million during the fiscal year (\$71.7 million and \$61 million, respectively).

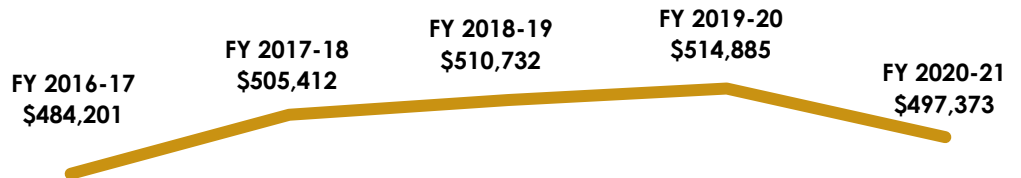


The Electric Fund accounts for the activities of the City's electric distribution operations. To give an overview of the overall financial health of the fund, a five-year history of the fund balance is below. The total includes non-spendable assets and funds that are restricted for specific purposes.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



FUND BALANCE – ELECTRIC FUND

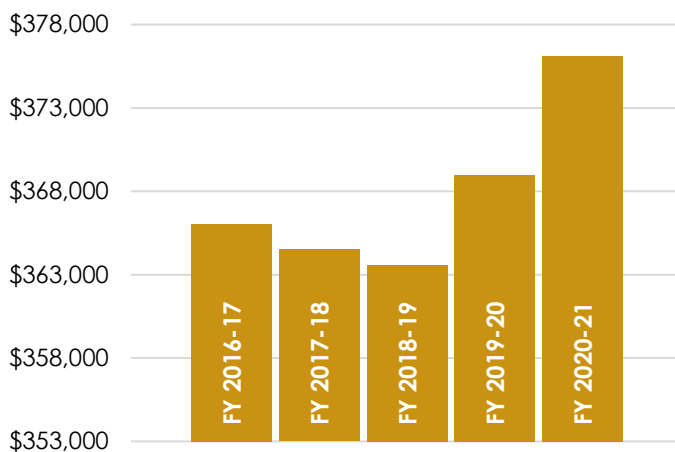
In thousands of dollars



17.03 average price (cents/kWh) per residential customer

CHARGES FOR SERVICE - ELECTRIC

In thousands of dollars



111,711 Active Electric Meters - includes Residential, Commercial, and Industrial



466.25 employee positions approved to provide Electric – related services

BUSINESS-TYPE ACTIVITIES: FINANCIAL HIGHLIGHTS (CONTINUED)

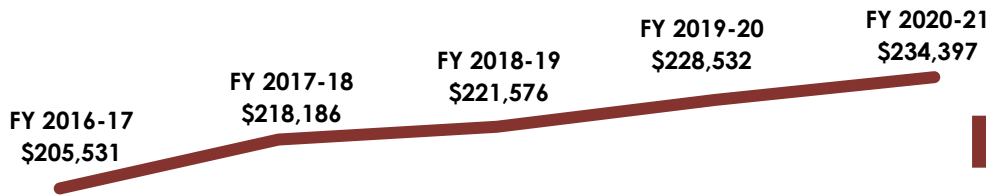
The Water Fund accounts for the activities of the City's water distribution operations and the Sewer Fund accounts for the activities of the City's sewer systems. To give an overview of the overall financial health of the fund, a five-year history of the fund balance is below. The total includes non-spendable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



WATER FUND

FUND BALANCE – WATER AND SEWER FUNDS

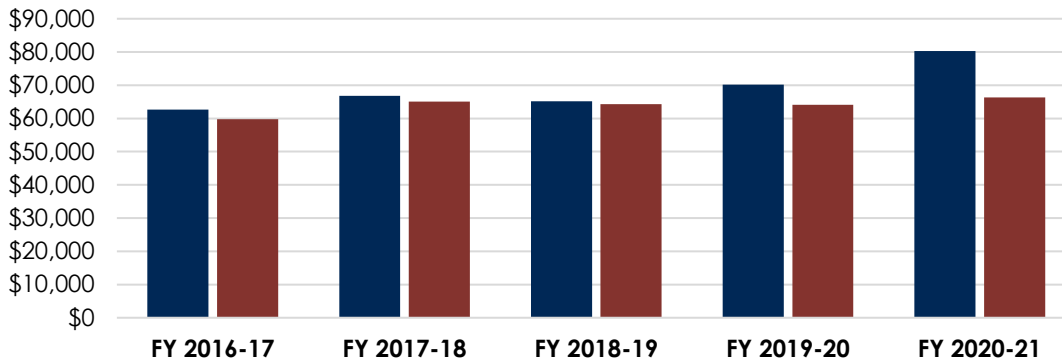
In thousands of dollars



SEWER FUND

CHARGES FOR SERVICE - WATER AND SEWER

In thousands of dollars



Water



\$2.77 average price (\$/CCF*) per residential customer



201,960 gallons average per residential customer

*CCF = Centum Cubic Feet = 748 gallons



Sewer

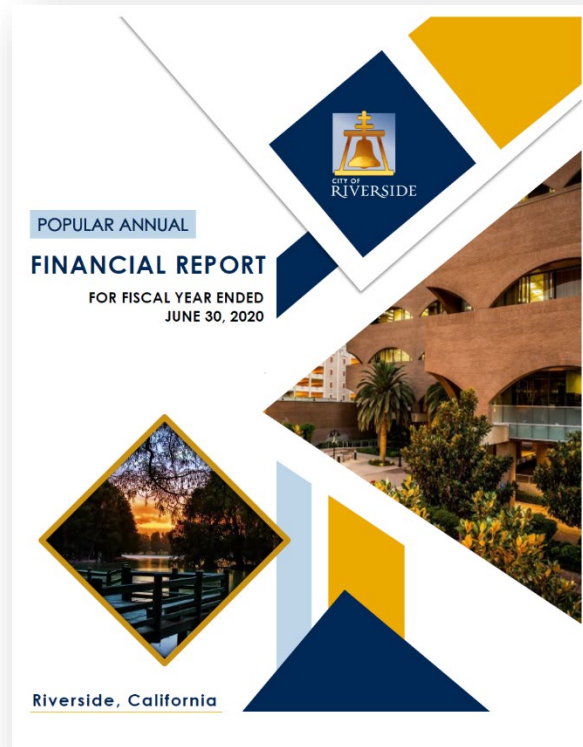
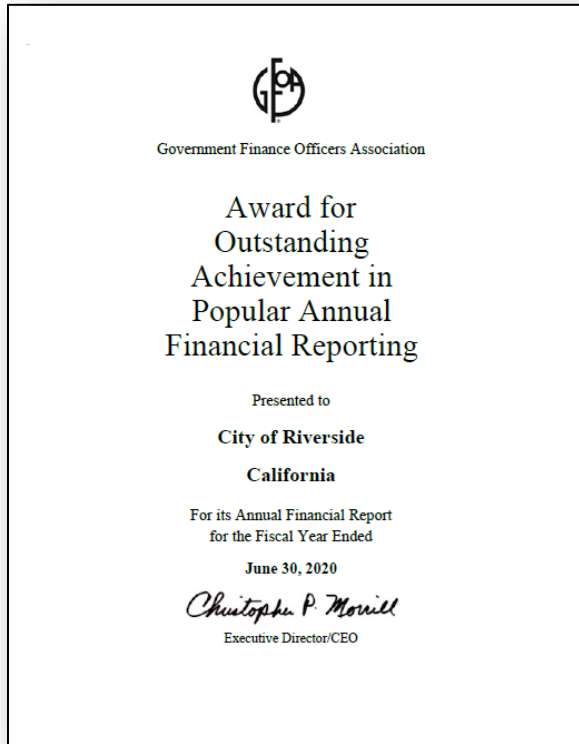


17,602 New Connections



25.30 Average Daily Sewage Treatment (millions of gallons)

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) PAFR AWARD



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 30th of 2020. 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. Since the City's inception of the Popular Annual Financial Report, the City has received a Popular Award for the last consecutive years (fiscal years ended 2017-2020). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements and 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