



City of Riverside

Financial Health Indicators

5-YEAR TREND AND COMPARABLE CITIES
FISCAL YEARS 2021-2025

INFORMATION OBTAINED FROM AUDITED CITY ANNUAL COMPREHENSIVE FINANCIAL REPORTS (ACFR)

FINANCIAL POSITION

Can the City Pay its Bills Now?

A city has a strong financial position if it has sufficient cash and other liquid resources available. Without those resources, it will have to borrow money, delay payments, or liquidate some of its other assets, all of which carry significant financial costs.

FINANCIAL HEALTH INDICATOR #1 – GENERAL FUND RESERVE RATIO

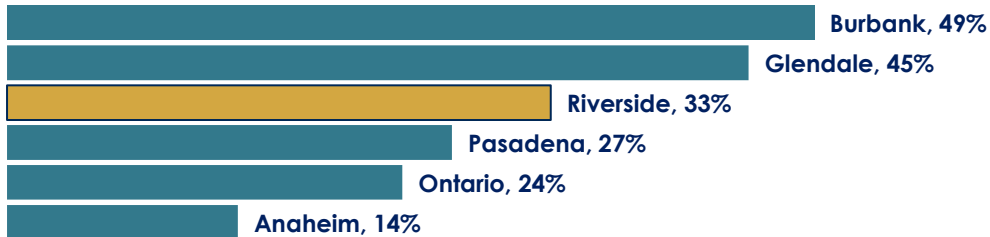
A declining fund balance reserve can be a sign of fiscal stress. This indicator is important in identifying a trend of deteriorating fund balance reserves as well as how rapidly it is deteriorating. A **higher ratio** suggests larger reserves are available to address unexpected resource needs in the long run.

5-YEAR GENERAL FUND RESERVE RATIO *

City of Riverside



FY 24-25 GENERAL FUND RESERVE RATIO – COMPARABLE CITIES



* The chart only includes Riverside's 20% policy reserves and assigned reserves to ensure comparability across cities. It does not reflect Riverside's other committed reserves, such as technology, infrastructure, and Section 115 Trust reserves, which have been strategically set aside for future needs

FINANCIAL HEALTH INDICATOR #1 – INSIGHT

This ratio reflects the General Fund, including Measure Z, and examines committed General Fund reserves for economic contingencies and available unassigned fund balance divided by annual General Fund revenues. This formula differs from the formula used by the City to calculate year-end reserves for the General Fund alone.

Despite a decline in FY 24-25 ratio, overall General Fund revenues increased by \$34.8 million. The decrease in unassigned fund balance was primarily due to an increase in restricted fund balance of \$16.7 million for the City's pension liability. These were due to contributions to the section 115 trust and will be used to offset future CALPERS payments. There was also an increase in the committed fund balance of \$7.7 million for the City's economic contingency and other purposes. The City has a strong General Fund reserve ratio when compared to the other cities.

Despite the exclusion of strategically committed reserves, the City's General Fund reserve ratio is comparable to other cities. The Government Finance Officers Association (GFOA) recommends maintaining reserves of no less than two months of regular General Fund operating revenues or expenditures, which comes to roughly 16.67%. The City maintains policy reserves equal to 20% of the following fiscal year's budgeted expenditures.

FINANCIAL POSITION (Cont.)

Can the City Pay its Bills Now?

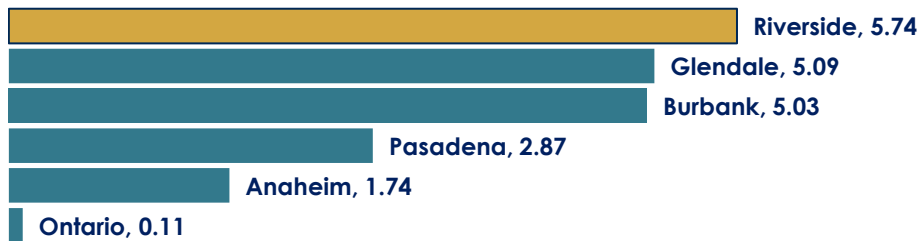
FINANCIAL HEALTH INDICATOR #2 – GENERAL FUND LIQUIDITY RATIO

A negative ratio may indicate a city does not have sufficient cash available to meet its current obligations as they come due. This indicator is important in identifying a trend of deteriorating cash as well as how rapidly it is deteriorating. A **higher ratio** suggests a greater capacity for paying off short-term obligations.

5-YEAR GENERAL FUND LIQUIDITY RATIO *
City of Riverside



FY 24-25 GENERAL FUND LIQUIDITY RATIO – COMPARABLE CITIES



FINANCIAL HEALTH INDICATOR #2 – INSIGHT

This financial health indicator includes Measure Z. Over the past five years, the City has been showing a positive and upward trend in the liquidity ratio. This indicates that the City is able to pay its bills as payments are due by measuring readily available cash, such as unrestricted cash and investments, compared to the total liability obligations, such as payables and accrued payroll. There is an assumption that Measure Z, which is General Fund tax dollars, would be used in the event the City's main General Fund is unable to meet its obligations without the additional financial support from Measure Z.

While having cash readily available for paying off short-term obligations sounds responsible, a high cash ratio may indicate an organization is inefficient in the utilization of cash or not maximizing the potential benefit of low-cost loans. Over the past few years, the City has experienced significant increases in general city revenues, resulting in an improved liquidity position. Consequently, the City's ratio, comparative to its peers, indicates a strong General Fund liquidity ratio. A ratio of 1.0 indicates an agency has enough liquid assets to cover its short-term financial obligations.

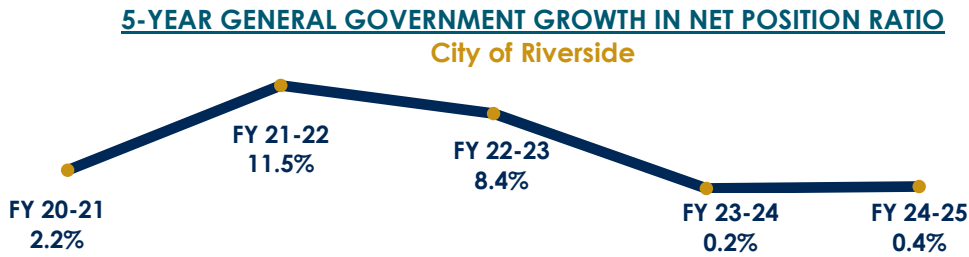
FINANCIAL PERFORMANCE

Can the City's Revenues Cover its Expenses?

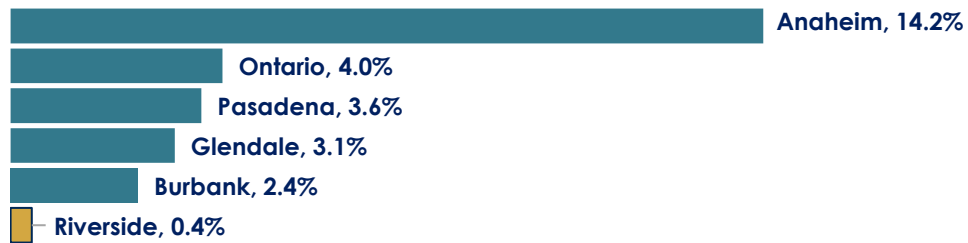
A city not only needs to pay its bills promptly but also ensure that the revenue it brings in regularly is adequate to cover its annual expenses. Missing this mark can adversely affect service levels and the City's credit rating, which is important for existing loan covenants and any future potential debt financing.

FINANCIAL HEALTH INDICATOR #3 – GENERAL GOVERNMENT GROWTH IN NET POSITION RATIO

Ideally, revenues from the City's programs should cover the expenses incurred for those programs; otherwise, reserves may be required to cover the excess costs. A **higher ratio** suggests that annual costs are adequately funded, and an increasing ratio indicates an improving financial condition.



RY 24-25 GENERAL GOVERNMENT GROWTH IN NET POSITION RATIO – COMPARABLE CITIES



FINANCIAL HEALTH INDICATOR #3 – INSIGHT

This ratio measures the change in General Government net position compared to the total net position. When revenues exceed expenses and assets exceed liabilities, an increase in the ratio will be seen. The FY 21-22 increase was primarily attributable to an increase in sales tax of \$23.6 million; an increase in property tax of \$7.8 million; and a reduction in salaries and benefits of \$48 million, which was due to an actuarial accounting treatment of the CalPERS pension liability and generation of a net pension asset. The decrease in FY 22-23 was due to increased expenses of \$57.6 million compared to the prior fiscal year. This was primarily due to an increase in salaries and benefits resulting from an actuarial accounting treatment which resulted in the return of a net pension liability from decreased CalPERS investment returns. The decrease in FY 23-24 was due to an increase in Governmental Activities expenses of \$119.2 million. General Government expenses increased by \$74 million, primarily driven by a contingent litigation liability of \$37.9 million related to transfers from the Water Fund to the General Fund, increased claims liabilities of \$10.8 million, and an increased adjustment of \$6.8 million for an increase in net pension liability. Public Safety expenses were up \$35.9 million driven by a \$17.4 million rise in pension liabilities, \$11.9 million in other personnel costs as vacant positions were filled, and \$6.6 million in non-personnel costs, including grant expenditures. In FY 24-25, the ratio remained relatively flat at 0.4%. This was due to revenues slightly outpacing expenses to show a marginal growth in this fiscal year.

A government agency should try to strike a balance between the growth of financial reserves and spending resources to maintain a healthy community. The City's FY 24-25 ratio indicates that resources are not being spent faster than they are earned, thus maintaining fiscal responsibility. Additionally, it suggests that funds are not overly accumulated but are being used to benefit the community.

FINANCIAL PERFORMANCE (Cont.)

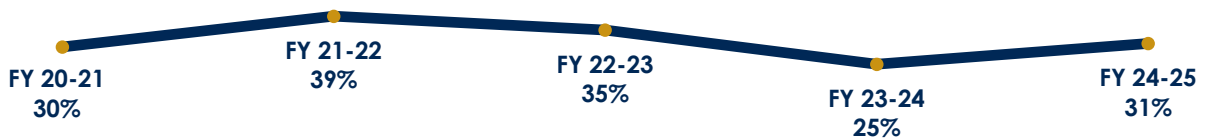
Can the City's Revenues Cover its Expenses?

FINANCIAL HEALTH INDICATOR #4 – GENERAL GOVERNMENT OPERATING MARGIN RATIO

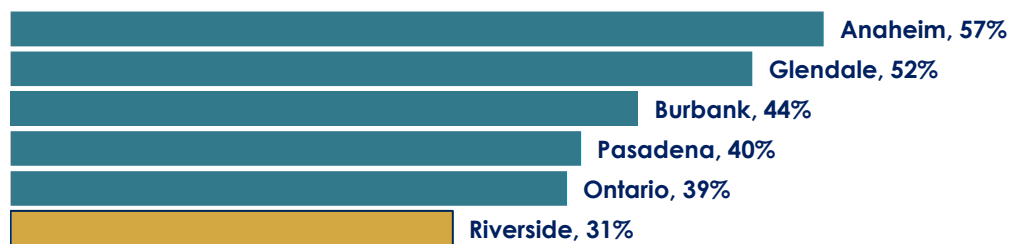
A city charges for services and may receive grants and aid from other governments (e.g., Federal and State). A **higher ratio** suggests that basic government services are more self-sufficient through charges, fees, and grants, and are less reliant on general tax dollars to fund program expenditures.

5-YEAR GENERAL GOVERNMENT OPERATING MARGIN RATIO

City of Riverside



RY 24-25 GENERAL GOVERNMENT OPERATING MARGIN RATIO – COMPARABLE CITIES



FINANCIAL HEALTH INDICATOR #4 – INSIGHT

This ratio illustrates how much of the City's expenditures were funded by charges, fees, and grants rather than general tax dollars to fund program expenditures. The ratio increase in FY 24-25 can be attributed to a 12% increase in expenditures compared to FY 23-24, while program revenues increased by 40%.

The primary reason for the revenue increase was a \$20.8 million increase in ARPA activity from the prior year and \$16 million in funds from Caltrans related to the third street grade separation. The increase in expenditures in FY 24-25 is mainly from increased street maintenance and an increase in the self insurance claims liability.

The other cities appear to fund their operations more heavily by charges, fees, and grants than the City of Riverside. In April 2025, updated developer fees were adopted by City Council. This ratio is expected to trend higher in the future as revenues become more closely aligned with the service costs.

The table below illustrates in further detail the ratio of expenditures funded by charges, fees, and grants:

City	Charges for Services	Operating Grants	Capital Grants	Total Ratio
Anaheim	18%	29%	10%	57%
Glendale	22%	26%	4%	52%
Burbank	25%	18%	1%	44%
Pasadena	19%	17%	4%	40%
Ontario	30%	3%	6%	39%
Riverside	8%	13%	10%	31%

FINANCIAL PERFORMANCE (Cont.)

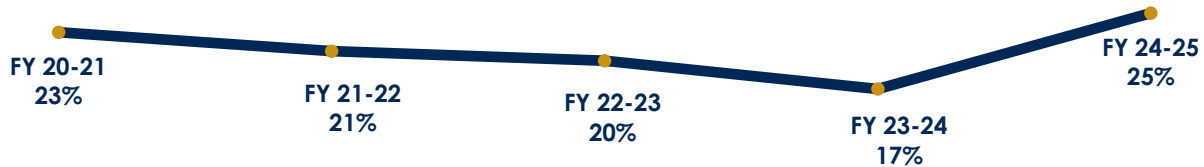
Can the City's Revenues Cover its Expenses?

FINANCIAL HEALTH INDICATOR #5 – GENERAL GOVERNMENT OWN SOURCE REVENUE RATIO

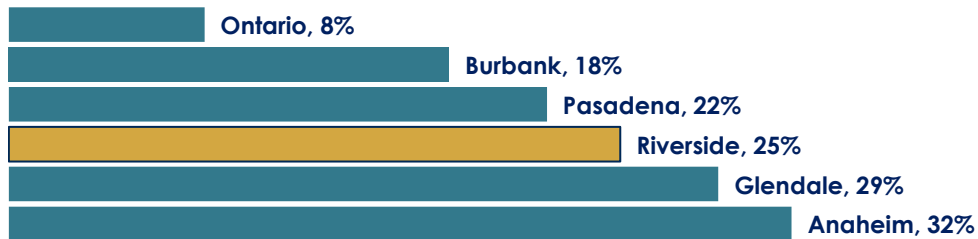
Revenues from grants are used to support some City functions. Other functions, such as public safety, are mainly funded by general tax dollars. This ratio illustrates the extent to which general government revenues were supported by grants. A **lower ratio** suggests that the City is not heavily reliant on grants and is more reliant on general tax dollars and charges for services.

5-YEAR GENERAL GOVERNMENT OWN SOURCE REVENUE RATIO

City of Riverside



FY 24-25 GENERAL GOVERNMENT OWN SOURCE REVENUE RATIO – COMPARABLE CITIES



FINANCIAL HEALTH INDICATOR #5 – INSIGHT

This ratio explains the proportion of revenues from grants (25%) compared to general tax dollars and charges for services (75%). Approved grant amounts are recognized over the life of the grant as funds are spent and not in the year when the grant was approved. The City of Riverside experienced an increased ratio starting FY 20-21. This was primarily due to COVID-19 related grants, such as the CARES Act, American Rescue Plan Act (ARPA), and Emergency Rental Assistance Program. The final COVID-19 grant revenues were recognized in FY 24-25 and should not appear in future fiscal years. The following table illustrates the normalized ratio in the absence of these major COVID-19 grant funds.

Fiscal Year	Exclusion	Normalized Ratio
FY 20-21	\$28.0M CARES Act grant, \$6.8M COVID-19 related grants	16%
FY 21-22	\$19.3M Emergency Rental Assistance Program, \$2.7M ARPA funds recognized	16%
FY 22-23	\$26.7 million in ARPA funds recognized	15%
FY 23-24	\$11.7 million in ARPA funds recognized	15%
FY 24-25	\$32.4 million in ARPA funds recognized	20%

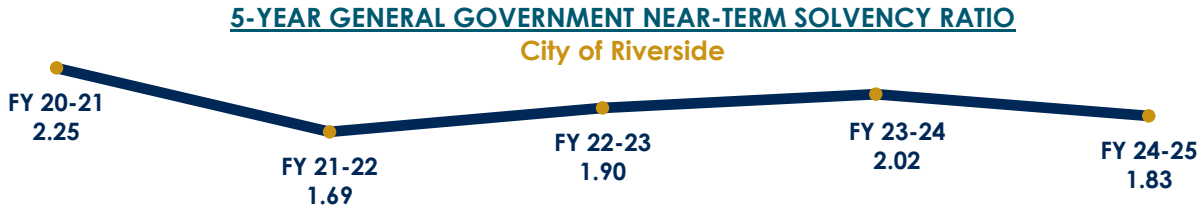
LONG-TERM SOLVENCY

Can the City Pay its Bills in the Future?

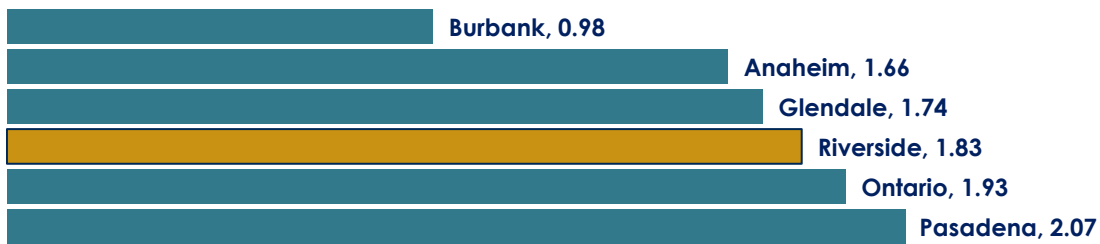
A city will have bills in the future, and its current financial condition will influence its ability to pay them. For the long-term future, a city needs to ensure that its revenue sources can cover long-term spending needs and provide services to a growing and changing population.

FINANCIAL HEALTH INDICATOR #6 – GENERAL GOVERNMENT NEAR-TERM SOLVENCY RATIO

This ratio demonstrates a city's ability to pay a larger portion of its debts with annual revenues. A **lower ratio** indicates a stronger financial condition.



FY 24-25 GENERAL GOVERNMENT NEAR-TERM SOLVENCY RATIO – COMPARABLE CITIES



FINANCIAL HEALTH INDICATOR #6 – INSIGHT

The City has both short-term and long-term obligations that must be paid in the future. The fewer number of years of annual revenue needed to pay the City's obligations, the stronger the City's financial condition. The reason for the decrease in FY 21-22 was primarily due to an actuarial accounting treatment which eliminated the City's net pension liability and generated a net pension asset, which reduced the overall liability of the City. In FY 22-23, the net pension asset returned to a net pension liability primarily due to a decrease in CalPERS investment returns. In FY 23-24, the ratio increased predominantly due to an increase of \$17.4 million in pension liabilities. In FY 24-25, the ratio decreased as revenue percentage growth outpaced governmental liabilities. The revenue increase was mainly due to recognition of \$32.4 million in ARPA revenues.

Additionally, with the issuance of the pension obligation bond in FY 19-20, the City converted an unfunded pension liability to a fixed debt obligation. By replacing the unfunded liability with bonded debt, the City was able to significantly reduce interest expense over the life of the obligation. Consequently, the City does not exhibit a strong general government near-term solvency ratio compared to the other cities, which is mainly attributed to the City's outstanding debt. However, this ratio should be considered in relation to the other ratios within this document. The City of Riverside does have higher outstanding debt than most of the comparative cities, but the overall debt, including pension and (OPEB) liabilities, per resident, is comparatively lower than most of the cities as indicated in financial health indicator #7.

LONG-TERM SOLVENCY (Cont.)

Can the City Pay its Bills in the Future?

FINANCIAL HEALTH INDICATOR #7 – GENERAL GOVERNMENT DEBT, PENSION LIABILITY & OPEB BURDEN PER RESIDENT RATIO

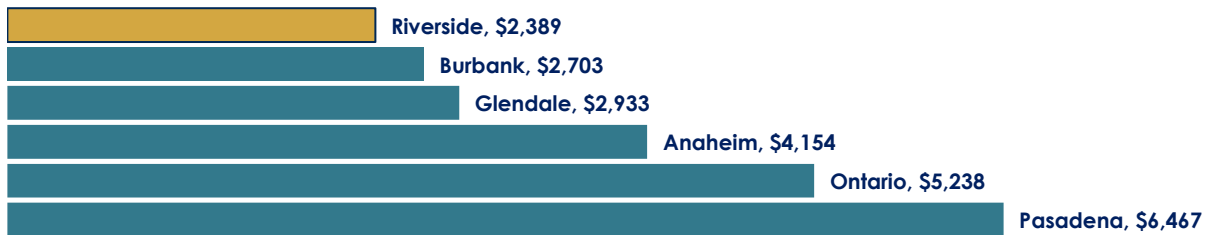
Lower debts, pension liability, and other post-employment benefits (OPEB) per capita result in a smaller debt burden on taxpayers. A **lower ratio** indicates a stronger financial condition.

5-YEAR GENERAL GOVERNMENT DEBT, PENSION LIABILITY & OPEB BURDEN PER RESIDENT RATIO

City of Riverside



FY 24-25 GENERAL GOVERNMENT DEBT, PENSION LIABILITY & OPEB BURDEN PER RESIDENT RATIO



FINANCIAL HEALTH INDICATOR #7 – INSIGHT

The reason for the decrease in FY 21-22 was primarily due to an actuarial accounting treatment that eliminated the City's net pension liability and generated a net pension asset, thus reducing the overall liability of the City. The increase in FY 22-23 was due to the return of a net pension liability primarily caused by CalPERS' decreased investment returns. FY 23-24 and FY 24-25 remained relatively flat as the liability items increased at the same pace as the City's population.

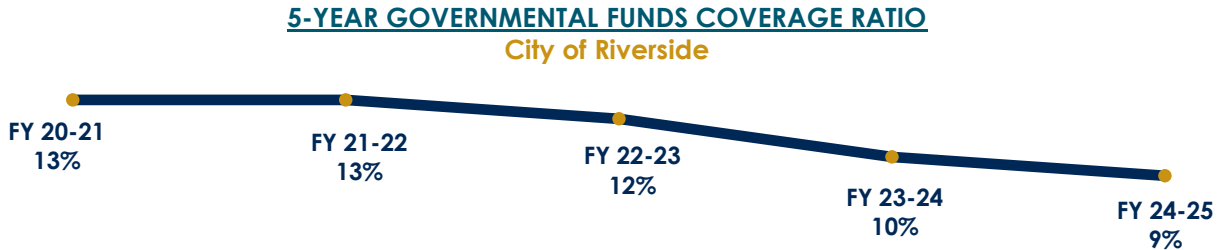
When all debt, pension liability, and OPEB are included, the City of Riverside has the lowest debt per resident compared to the other cities.

LONG-TERM SOLVENCY (Cont.)

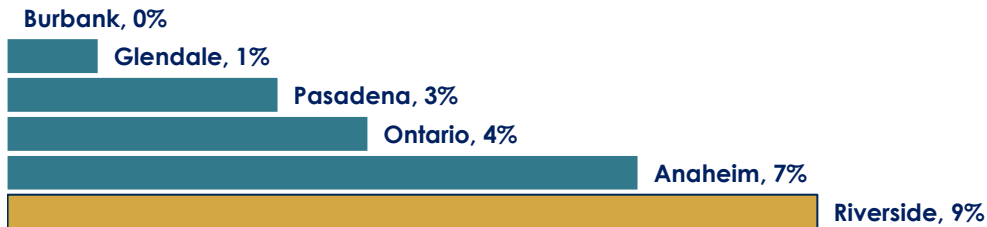
Can the City Pay its Bills in the Future?

FINANCIAL HEALTH INDICATOR #8 – GOVERNMENTAL FUNDS COVERAGE RATIO

A city has principal and interest payments on debts. The lower the amount of these payments compared to all its other expenditures, the stronger its financial condition. A **lower ratio** indicates a stronger financial condition.



FY 24-25 GOVERNMENTAL FUNDS COVERAGE RATIO – COMPARABLE CITIES



FINANCIAL HEALTH INDICATOR #8 – INSIGHT

This ratio explains the percentage of principal and interest payments made in comparison to the total non-capital governmental fund expenditures. In FY 19-20, a new pension obligation bond was issued which increased expenditures in future fiscal years.

The City of Riverside has a higher ratio than the comparative cities, indicating that the City has higher principal and interest payments and more overall long-term debt. The City did have more long-term debt than the comparative cities, primarily due to the issuance of a \$432 million pension obligation bond in FY 19-20, of which \$325 million was related to governmental funds.

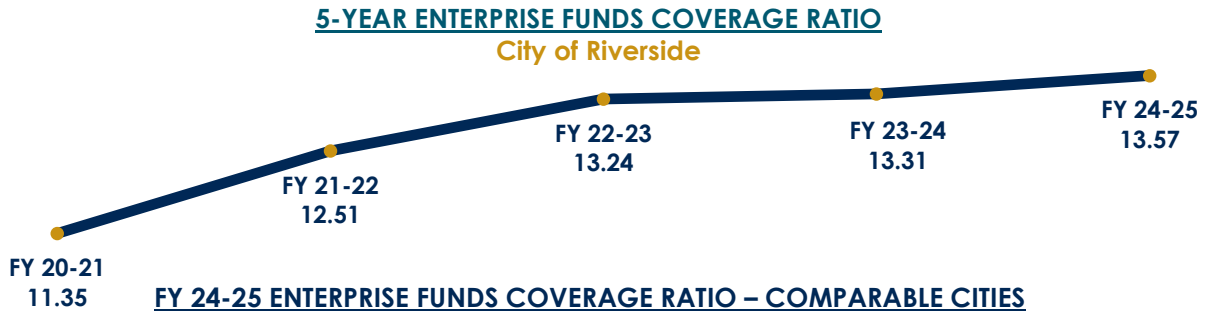
The CalPERS Unfunded Accrued Liability (UAL) is not recorded as debt in the Annual Comprehensive Financial Report. When POBs are issued to pay down the UAL, the liability is classified as debt and the interest and principal payments are included in calculation of this indicator. Therefore, cities that have not issued POBs may have a lower ratio than cities that have issued POBs. As of June 30, 2025, the City of Riverside had \$488 million of long-term debt allocated to its general government. Of this amount, \$304 million was for the 2017 and 2020 pension obligation bonds, while the remaining \$184 million of the City's general government debt was for various citywide improvement projects and capital leases. Although the City of Riverside shows the highest ratio, indicating a weaker financial condition at first glance – this is primarily due to the conversion of an unfunded liability to a pension bond in order to achieve long-term interest savings.

LONG-TERM SOLVENCY (Cont.)

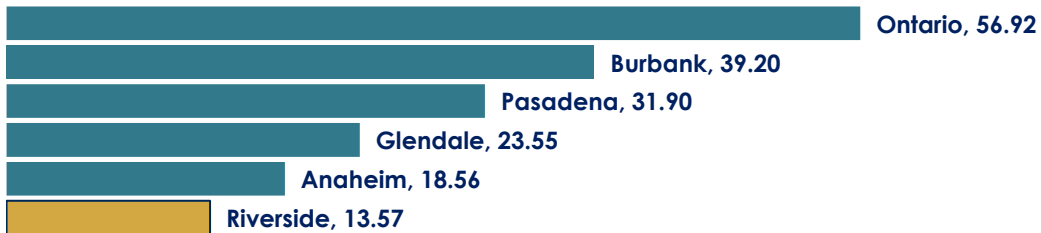
Can the City Pay its Bills in the Future?

FINANCIAL HEALTH INDICATOR #9 – ENTERPRISE FUNDS COVERAGE RATIO

Just as a city's governmental services need to pay their debts (e.g., bonds) in the long term, its enterprise funds need to do so as well. The City's Enterprise Funds include Electric, Water, Sewer, Airport, Refuse, Special Transportation, Public Parking, and Civic Entertainment Funds. A **higher ratio** indicates a stronger financial condition.



FY 24-25 ENTERPRISE FUNDS COVERAGE RATIO – COMPARABLE CITIES



FINANCIAL HEALTH INDICATOR #9 – INSIGHT

This ratio represents the interest payments made in comparison to total Enterprise Fund revenues. The ratio has been increasing since FY 20-21 as long-term debt has been paid down, resulting in lower interest payments, as well as gradually increasing revenues.

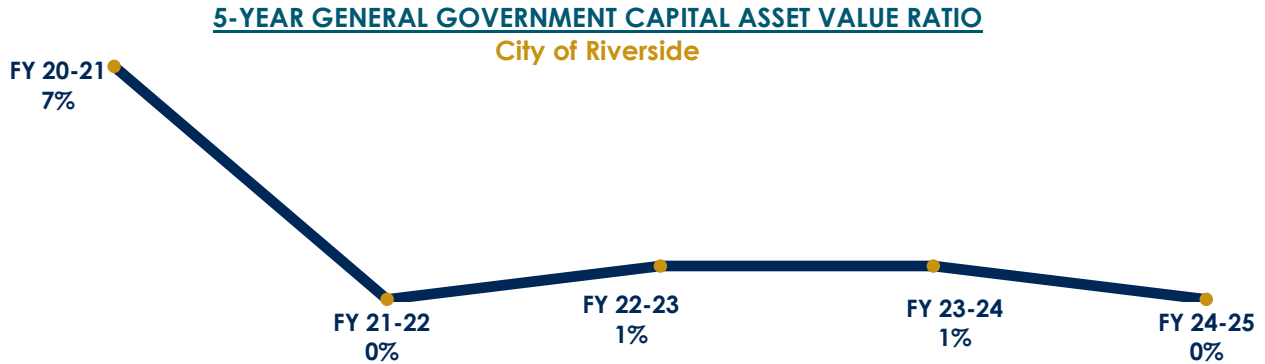
The City's Enterprise Funds Coverage Ratio appears to be low in relation to the comparative cities primarily due to the City's significant investments in capital assets for the Electric, Water, and Sewer Funds, with major capital assets funded through debt issuance.

LONG-TERM SOLVENCY (Cont.)

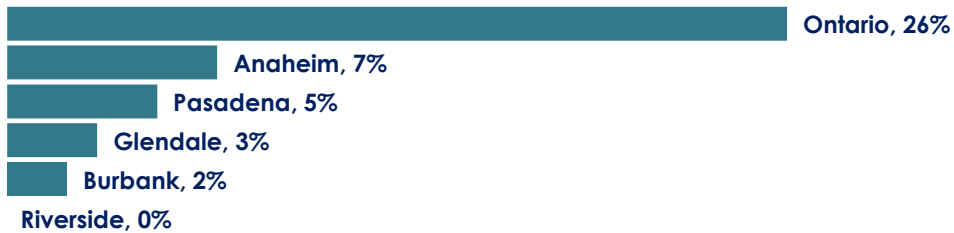
Can the City Pay its Bills in the Future?

FINANCIAL HEALTH INDICATOR #10 – GENERAL GOVERNMENT CAPITAL ASSET VALUE RATIO

Capital assets include land, buildings, vehicles, and public infrastructure. Most of the City's capital assets decrease in value over time due to depreciation. A declining ratio means that the overall value of a city's assets decreased over the year, indicating some assets may need to be renovated or replaced. A **higher ratio** indicates a stronger financial condition.



FY 24-25 GENERAL GOVERNMENT CAPITAL ASSET VALUE RATIO – COMPARABLE CITIES



FINANCIAL HEALTH INDICATOR #10 – INSIGHT

The City showed a higher than average ratio in FY 20-21. This was due to a prior period adjustment of \$80.3 million for land and infrastructure additions resulting from a change in calculation of street mileage from a system upgrade that maintains street mileage. Excluding this one-time adjustment, the ratio for FY 20-21 would have been 1%. The increase in FY 20-21 also reflects the completion of the Main Library. The ratio between 0% and 1% in FYs 22-23 through 24-25 indicates that the replacement of the City's general government capital assets slightly outpaced the depreciation of older capital assets.

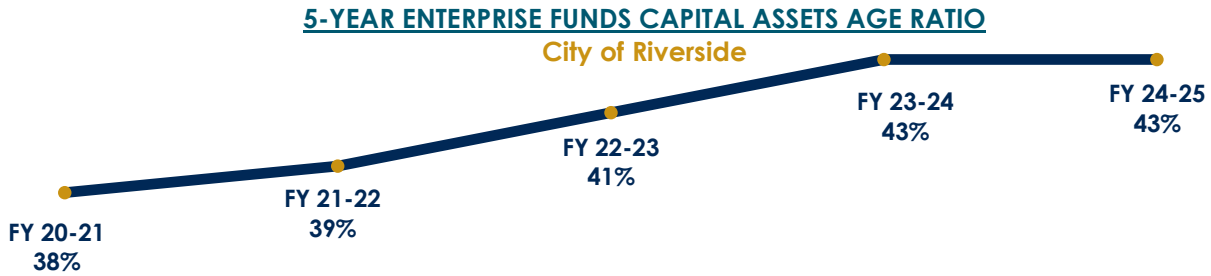
The City of Riverside's ratio is generally in line with the comparative cities, indicating that the City's capital assets are being replaced around the same rate as they are aging.

LONG-TERM SOLVENCY (Cont.)

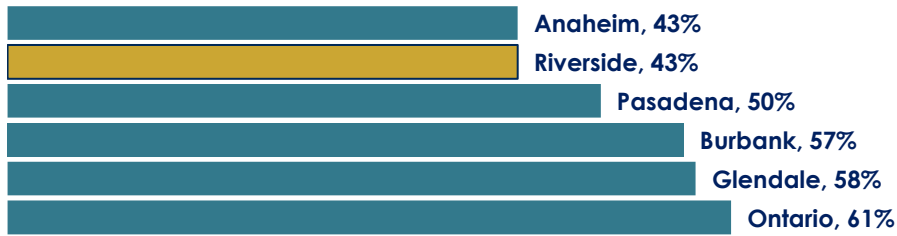
Can the City Pay its Bills in the Future?

FINANCIAL HEALTH INDICATOR #11 – ENTERPRISE FUNDS CAPITAL ASSETS AGE RATIO

Depreciable capital assets include buildings, vehicles, and public infrastructure. These assets are depreciated over their useful life as they age, resulting in a reduction in their value. A **lower ratio** indicates Enterprise Funds' capital assets are newer and may not require as much replacement and/or maintenance costs compared to older capital assets.



FY 24-25 ENTERPRISE FUNDS CAPITAL ASSETS AGE RATIO – COMPARABLE CITIES



FINANCIAL HEALTH INDICATOR #11 – INSIGHT

This ratio indicates the percentage of Enterprise Fund capital assets that have been depreciated. The City's Enterprise Funds' capital assets have aged nearly every year over the past five years, as evidenced by the annual increase in the ratio, with a leveling off in FY 24-25. However, they appear to be in better condition when compared to the other cities; nevertheless, Enterprise Funds and their assets vary from one city to another.

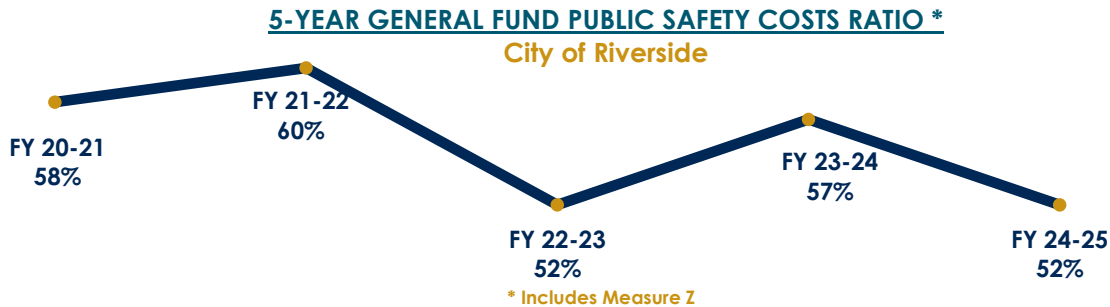
While the City's ratio is lower compared to its peers, the increasing trend in this ratio shows that the capital assets are progressively aging and could require additional maintenance or replacement costs in the future.

RESOURCE ALLOCATION

The following indicator is for informational purposes only to provide a better understanding of how the City is allocating its resources.

INDICATOR #12 – GENERAL FUND PUBLIC SAFETY COSTS RATIO

This ratio compares the total costs of General Fund public safety, which includes police and fire, to total General Fund expenditures and transfers out. A **higher ratio** indicates more funds are dedicated to public safety.



FY 24-25 GENERAL FUND PUBLIC SAFETY COSTS RATIO – COMPARABLE CITIES



INDICATOR #12 – INSIGHT

In FY 21-22, the ratio increased mainly due to vehicle replacement costs of \$3.7 million, increasing overall public safety expenditures. FY 22-23 had a decline of 8% compared to the previous fiscal year, mainly due to the overall General Fund expenditures outpacing the Public Safety expenditures for the fiscal year. The overall General Fund expenditure increases were primarily due to the implementation of a new accounting pronouncement (GASB 96 Subscription-Based IT Arrangements), automotive purchases, and Measure Z transfers for capital projects. The increase in FY 23-24 is due to a rise in pension costs, as well as additional personnel costs as vacant positions were filled. FY 23-24 overall General Fund also had a reduction in transfers out to other funds from the prior year; therefore, making Public Safety's proportionate expenditures higher. FY 24-25 saw a decrease in the ratio due to overall General Fund expenditures outpacing the Public Safety expenditures. The Public Safety costs increased by 6% compared to the prior fiscal year, whereas overall General Fund expenditures increased by 16%.

GLOSSARY

General Government: Includes all Citywide activity, including any debt and fixed assets. Excludes Enterprise Funds and Fiduciary Funds such as the Successor Agency and Custodial Funds.

Governmental Funds: Includes all Citywide activity, excluding any debt and fixed assets. Excludes Enterprise Funds, Fiduciary Funds, and Internal Service Funds such as Self-Insurance Trust Funds, Central Stores, and Central Garage Funds.

Enterprise Funds: Includes activity, including any debt and fixed assets, associated with Electric, Water, Sewer, Airport, Refuse, Special Transportation, Public Parking, and Civic Entertainment Funds.