

# **Successor Agency to the Redevelopment Agency of the City of Riverside**

Independent Auditors' Reports and Financial Statements  
June 30, 2024

Prepared by the City of Riverside  
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**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE  
YEAR ENDED JUNE 30, 2024**

**TABLE OF CONTENTS**

	<b>PAGE</b>
Independent Auditors' Report.....	1
Financial Statements	
Statement of Net Position/(Deficit).....	4
Statement of Changes in Net Position/(Deficit).....	5
Notes to the Financial Statements.....	6
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	14



## INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Oversight Board  
Successor Agency to the Redevelopment Agency of the City of Riverside  
Riverside, California

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of the Successor Agency to the Redevelopment Agency of the City of Riverside (the Successor Agency), a fiduciary component unit of the City of Riverside, California, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Successor Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Successor Agency as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Successor Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Successor Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Successor Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Successor Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

The Honorable Members of the Oversight Board  
Successor Agency to the Redevelopment Agency of the City of Riverside  
Riverside, California

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024, on our consideration of the Successor Agency to the Redevelopment Agency of the City of Riverside'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 solely 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 effectiveness of the Successor Agency to the Redevelopment Agency of the City of Riverside's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Successor Agency to the Redevelopment Agency of the City of Riverside's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Irvine, California  
December 16, 2024

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE**  
**STATEMENT OF NET POSITION/(DEFICIT)**  
**JUNE 30, 2024**  
**(amounts expressed in thousands)**

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**Assets:**

Cash and investments	\$	34,624
Cash and investments with fiscal agent		4,156
Receivables, net of allowance for uncollectible		
Interest		157
Accounts		523
Intergovernmental		1,123
Notes		1,551
Direct financing receivable		2,730
Leases receivable		187
Deposits		2
Land and improvements held for resale		5,209
Capital assets:		
Capital assets, not depreciated		185
<b>Total assets</b>		<b><u>50,447</u></b>

**Liabilities:**

Current liabilities:		
Accounts payable		232
Accrued interest		2,267
Long-term obligations		13,448
Noncurrent liabilities:		
Advances from City of Riverside		1,555
Long-term obligations		142,480
<b>Total liabilities</b>		<b><u>159,982</u></b>

**Deferred Inflows of Resources:**

Deferred charges on refunding		483
Lease related items		183
<b>Total deferred inflows of resources</b>		<b><u>666</u></b>

**Net Position:**

Unrestricted		(110,201)
<b>Total net position</b>	<b>\$</b>	<b><u>(110,201)</u></b>

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

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE  
STATEMENT OF CHANGES IN NET POSITION/(DEFICIT)  
FOR THE YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

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**Additions:**

Property taxes	\$ 19,108
Rental and investment income	1,234
Miscellaneous	71

<b>Total additions</b>	<b>20,413</b>
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**Deductions:**

Professional services and other deductions	1,353
Redevelopment projects	221
Interest and fiscal charges	5,036

<b>Total deductions</b>	<b>6,610</b>
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Changes in Net Position	<b>13,803</b>
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**Net Position:**

Beginning of year	(124,004)
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<b>End of year</b>	<b>\$ (110,201)</b>
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**The notes to financial statements are an integral part of this statement.**

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

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**Note 1. Description of Reporting Entity and Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Redevelopment Agency of the City of Riverside (Redevelopment Agency) was established in 1967 to provide affordable housing, revitalize communities, eliminate blight, and fuel economic growth through focused reinvestment of local funds back into local projects and programs that supported job growth and private investment.

There are six project areas throughout the City of Riverside (City) including Arlington, Casa Blanca, merged Downtown/Airport, Industrial/Hunter Park/Northside, La Sierra/Arlanza, Magnolia Center, and University Corridor/Sycamore Canyon (Project Areas). Over the years, the Redevelopment Agency was active in implementing housing programs, business incentive programs, commercial improvement programs, planning and development of projects, capital improvement projects, and property acquisition in the Project Areas.

On June 29, 2011, Governor Brown signed Assembly Bill 1X 26 (AB 1X 26) eliminating redevelopment agencies throughout the state. On July 18, 2011, the California Redevelopment Association and the League of California Cities filed a lawsuit against the State of California (State) in response to the passage of AB 1X 26. On December 29, 2011, the California Supreme Court upheld AB 1X 26. The bill provided that upon dissolution of the Redevelopment Agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government.

Pursuant to City Council actions taken on March 15, 2011, and January 10, 2012, the City elected to serve as the Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency). The Successor Agency is a separate legal entity, which serves as a custodian for the assets and liabilities of the dissolved Redevelopment Agency pending distribution to the appropriate taxing entities after the payment of enforceable obligations. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City of Riverside as Successor Agency of the former Redevelopment Agency. In 2018, the oversight was transferred to the Riverside Countywide Oversight Board, as a result of state legislation that consolidated all oversight boards of successor agencies. The Countywide Oversight Board was created to oversee the wind down activities of the various successor agencies in Riverside County.

In 1987, the Riverside Public Financing Authority (Authority), a non-profit corporation, was created as a joint-powers authority between the former Redevelopment Agency and the City to serve as a conduit for the issuance of bonds to fund improvements in various redevelopment project areas. The Authority has issued tax allocation bonds secured by loan agreements between the former Redevelopment Agency and the Authority. These loan agreements are secured by a first pledge of and lien on a portion of property tax revenues within the respective project areas. Financial data of the Authority is included in the activity of the Successor Agency. Separate Authority financial statements may be obtained from the City's Finance Department, 3900 Main Street, Riverside, California 92522.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Successor Agency is presented herein as a private-purpose trust fund and is reported using the economic resources measurement focus and the accrual basis of accounting.

Successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Redevelopment Agency until all enforceable obligations of the former Redevelopment Agency have been paid in full and all assets have been liquidated. Such funds are paid from the Redevelopment Property Tax Trust Fund (RPTTF), which is administered by the County Auditor-Controller of the County of Riverside (County Auditor-Controller). In January and June of each year, the County Auditor-Controller allocates revenue from the RPTTF to each successor agency for payments listed on the Recognized Obligation Payment Schedule (ROPS) for each six-month period. Property taxes are recognized as revenues in the year for which they are levied.



**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

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**Note 1. Description of Reporting Entity and Summary of Significant Accounting Policies**

**C. Cash and Investments**

The Successor Agency values its cash and investments in accordance with the provisions of Governmental Accounting Standards Board Statement No. 72 (GASB 72), *Fair Value Measurement and Application*, which requires governmental entities to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value.

The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach.

Cash accounts of all funds are pooled for investment purposes to enhance safety and liquidity while maximizing interest earnings. Investments are stated at fair market value. All highly liquid investments (including restricted assets) with a maturity of 90 days or less when purchased are considered cash equivalent.

**D. Restricted Cash and Investments**

Certain proceeds of long-term indebtedness, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

**E. Land and Improvements Held for Resale**

Land and improvements held for resale were generally acquired for future development projects. The properties are carried at the lower of cost or net realizable value.

**F. Leases**

Leases are defined by the general government as the right to use an underlying asset. As lessor, the Agency recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of lease receivables occurs when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference. For lease contracts that are short-term, the Agency recognizes short-term lease payments as inflows of resources (revenues) based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period. Additional disclosures regarding leases are in Note 4.

**G. Long-Term Debt**

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payables are reported net of the applicable bond premiums.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2024  
 (amounts expressed in thousands)**

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**Note 1. Description of Reporting Entity and Summary of Significant Accounting Policies**

H. Deferred Inflows of Resources

The statement of fiduciary net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent inflows of resources (consumption of net assets) that apply to future periods and that, therefore, are *not* recognized as an inflow of resources (revenue) until that time. The deferred amount on refunding is deferred and amortized over the life of the bonds using the effective interest method. The deferred amount on refunding is recorded as a deferred inflow of resources. The deferred amount related to leases is reported for the value of lease receivable payments to be recognized as inflows of resources in a systematic and rational manner over the term of the lease agreements.

I. Net Position

Net position represents the difference between assets and deferred outflows less liabilities and deferred inflows. Restricted net position represents restricted assets less liabilities and deferred inflows related to those assets. Restricted assets are recorded when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

J. 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 can affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenue and expenditures. Specifically, the City has made certain estimates and assumptions relating to revenues due and expenditures incurred through fiscal year end and the valuation of property held for resale. Actual results may differ from those estimates and assumptions.

**Note 2. Cash and Investments**

Cash and investments at fiscal year-end consists of the following:

Cash and investments	\$ 34,624
Cash and investments with fiscal agent	<u>4,156</u>
<b>Total</b>	<b><u>\$ 38,780</u></b>

The Successor Agency's cash and investments, except for cash and investments with fiscal agents, are invested in a pool managed by the Treasurer of the City. The Successor Agency does not own specific, identifiable investments of the pool. Cash accounts of all funds are pooled for investment purposes to enhance safety and liquidity while maximizing interest earnings. Citywide information concerning cash and investments, including authorized investments, concentration of credit risk, custodial credit risk, carrying amount, and market value of deposits and investments may be found in the notes of the City's "Annual Comprehensive Financial Report" at <https://riversideca.gov/finance/acfr>.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2024  
 (amounts expressed in thousands)**

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**Note 2. Cash and Investments**

**A. Disclosures Relating to Fair Value Measurement and Application**

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets,
- Quoted prices for identical or similar assets or liabilities in markets that are inactive,
- Inputs other than quoted prices that are observable for the asset or liability,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the Successor Agency's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). The unobservable inputs are developed based on the best information available in the circumstances and may include the Successor Agency's own data.

The fair value of the Successor Agency's investments held by fiscal agent is comprised of money market funds and state investment pool which are not subject to fair value hierarchy prescribed by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*.

**B. 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 Successor Agency's investments held by fiscal agent to market interest rate fluctuations is provided by the following table that shows the distribution of the Successor Agency's investments by maturity:

	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Money Market Funds	\$ 2,847	\$ 2,847	\$ -	\$ -
State Investment Pool	1,309	1,309	-	-
<b>Total</b>	<b>\$ 4,156</b>	<b>\$ 4,156</b>	<b>\$ -</b>	<b>\$ -</b>

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

**Note 2. Cash and Investments**

C. 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:

	Total	Ratings as of Year End*		
		AAA	A	Unrated
Money Market Funds	\$ 2,847	\$ 2,847	\$ -	\$ -
State Investment Pool	1,309	-	-	1,309
<b>Total</b>	<b>\$ 4,156</b>	<b>\$ 2,847</b>	<b>\$ -</b>	<b>\$ 1,309</b>

\*Fitch rating used with "-" and "+" removed for simplicity

**Note 3. Notes and Direct Financing Receivable**

Rehabilitation Notes Receivable

Notes receivable consist of \$1,551 of rehabilitation loans. The loans were granted for a period of up to 55 years and bear interest at rates from 0 to 12 percent, which are secured by deeds of trust to individuals and businesses.

Direct Financing Receivable

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

Fiscal Year	Amount
2025	\$ 2,823
Less: Amount applicable to interest	(93)
<b>Total Direct Financing Receivable</b>	<b>\$ 2,730</b>

**Note 4. Leases Receivable**

The Agency currently has 7 lease agreements for building and structures as the lessor. As of June 30, 2024, the value of the lease receivables is \$187. The leases have an interest rate ranging between 0.52% to 2.31%. The value of the deferred inflow of resources as of June 30, 2024, was \$183, and the Agency recognized lease revenues of \$419 during the fiscal year.

Principal and interest payments expected to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 126	\$ 1	\$ 127
2026	23	1	24
2027	24	-	24
2028	14	-	14
<b>Total</b>	<b>\$ 187</b>	<b>\$ 2</b>	<b>\$ 189</b>

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

**Note 5. Long-Term Obligations**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease revenue bonds	\$ 6,903	\$ -	\$ (2,607)	\$ 4,296	\$ 2,716
Tax allocation bonds	159,529	-	(11,815)	147,714	10,690
Direct borrowings:					
Notes payable	3,918	-	-	3,918	42
<b>Total</b>	<b>\$ 170,350</b>	<b>\$ -</b>	<b>\$ (14,422)</b>	<b>\$ 155,928</b>	<b>\$ 13,448</b>

**Lease Revenue Bonds**

**Principal  
Outstanding**

\$26,255 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series A are secured by lease payments made by the State of California Department of General Services for the California Tower office building; 2% to 5% due in annual installments from \$545 to \$2,230 through October 1, 2024. The bonds are subject to acceleration under the Trust Agreement upon the occurrence of an event of default and with the consent of the Insurer. There is no remedy of acceleration of the total Base Rental over the term of the Lease.

\$ 2,230

\$4,810 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series B are secured by lease payments made by the State of California Department of General Services for the California Tower office building; \$310 serial bonds 1.20% to 1.42% through October 1, 2004; \$620 term bonds at 3.090% due October 1, 2008; \$1,110 term bonds at 4.340% due October 1, 2014 and \$2,770 term bonds at 5.480% due October 1, 2024. The bonds are subject to acceleration under the Trust Agreement upon the occurrence of an event of default and with the consent of the Insurer. There is no remedy of acceleration of the total Base Rental over the term of the Lease.

350

In 2019, the 2012A Lease Revenue Refunding bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency to properly reflect their proportional share.

\$41,240 Lease Revenue Refunding Bonds, Series 2012A. The bonds are secured by lease payments on a portion of the City Hall Complex and the Lincoln Police Patrol Center. The bonds were issued to refinance the 2003 Certificates of Participation. Interest on the bonds is payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2013. The rate of interest varies from 2% to 5% per annum depending on maturity date. Principal is payable in annual installments ranging from \$1,295 to \$2,840 commencing November 1, 2013 and ending November 1, 2033. In the event of default, the Trustee may retain the Lease Agreement and hold the City liable for all Base Rental Payments on an annual basis. The rental payments may not be accelerated. \$2,900 relates to the Successor Agency

1,666

**Subtotal**

**4,246**

Add: Unamortized bond premium

50

**Total Lease Revenue Bonds**

**\$ 4,296**

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
(amounts expressed in thousands)

**Note 5. Long-Term Obligations**

Remaining debt service will be paid by the Successor Agency 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>
2025	\$ 2,716	\$ 135	\$ 2,851
2026	141	64	205
2027	147	58	205
2028	154	51	205
2029	162	43	205
2030-2034	926	4	930
Premium	50	-	50
<b>Total</b>	<b>\$ 4,296</b>	<b>\$ 355</b>	<b>\$ 4,651</b>

The Successor Agency Tax Allocation Bonds are secured by tax revenues deposited in the Redevelopment Property Tax Trust Fund for the Agency established and held by the County of Riverside Auditor-Controller pursuant to Section 34813(a)(2) of the Dissolution Act. Upon event of default, the principal due on the Bonds is subject to acceleration.

<u>Tax Allocation Bonds</u>	<u>Principal Outstanding</u>
\$62,980 Subordinate Tax Allocation Refunding Bonds (2014 Series A and B). The bonds were issued to refund certain obligations of the former Redevelopment Agency. Interest is due semi-annually on March 1 and September 1, commencing March 1, 2015. Principal is due in annual installments from \$160 to \$4,745 through September 1, 2034. The rate of interest varies from 0.6% to 5% per annum.	\$ 23,620
\$114,815 Tax Allocation Refunding Bonds (2018 Series A and B). The bonds were issued to refund the 2007 Riverside Public Financing Authority Redevelopment Agency Tax Allocation Bonds (Series A, B, C and D). Principal is payable in annual installments from \$140 to \$9,180 through September 1, 2037. The rate of interest varies from 3.125% to 5% per annum. The refunding transaction resulted in a total net present value savings of \$20,000.	109,185
<b>Subtotal</b>	<b>132,805</b>
Add: Unamortized bond premium	14,909
<b>Total Tax Allocation Bonds</b>	<b>\$ 147,714</b>

Remaining debt service will be paid by the Successor Agency 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>
2025	\$ 10,690	\$ 5,928	\$ 16,618
2026	10,795	5,392	16,187
2027	11,135	4,844	15,979
2028	10,230	4,317	14,547
2029	10,785	3,799	14,584
2030-2034	45,705	11,835	57,540
2035-2039	33,465	2,531	35,996
Premium	14,909	-	14,909
<b>Total</b>	<b>\$ 147,714</b>	<b>\$ 38,646</b>	<b>\$ 186,360</b>

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

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**Note 5. Long-Term Obligations**

These notes payable have been issued to promote development and expansion within the City's redevelopment areas.

	<u>Principal Outstanding</u>
<b>Direct Borrowings: Notes Payable</b>	
Pepsi Cola Bottling Company of Los Angeles, 10.5%, payable in net annual installments of \$341, subject to recording of completion. Interest accrues on the outstanding note balance upon issuance of the Certificate of Completion. Principal and interest on the note are payable solely from Project Property Tax Increment. Payments start upon the time sufficient increment is generated in one year to pay the annual principal and interest on the note. Upon 25 years from the first anniversary date of the certificate of completion, all unpaid principal together with any accrued interest will be forgiven.	\$ 2,987
Smith's Food and Drug Centers Inc., 6% payable in variable installments, subject to payment of annual Community Facilities District assessment. The note is secured under a developer agreement	931
<b>Total Notes Payable</b>	<b>\$ 3,918</b>

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

Fiscal Year	Principal	Interest	Total
2025	\$ 42	\$ 300	\$ 342
2026	46	295	341
2027	51	291	342
2028	57	285	342
2029	63	279	342
2030-2034	427	1,283	1,710
2035-2039	703	1,006	1,709
2040-2044	1,158	551	1,709
2045-2049	1,371	1,268	2,639
<b>Total</b>	<b>\$ 3,918</b>	<b>\$ 5,558</b>	<b>\$ 9,476</b>

**Note 6. Advances from the City of Riverside**

The former Redevelopment Agency had entered into various arrangements with the City. The State of California, Department of Finance had concluded that certain loans were not enforceable obligations, which would have resulted in the repayment of only 80 percent of the loans. The City sued the State of California, Department of Finance and in July 2013, a Sacramento County Superior Court ruled that the loans are enforceable obligations and therefore must be repaid in full. The outstanding Advance from the City of Riverside at June 30, 2024 was \$1,555, which is related to the Riverside Golf Course acquisition. The Advance from the City of Riverside will be paid with future property tax revenues.

**Note 7. Net Position/(Deficit)**

The deficit in the Successor Agency Trust Fund will be reduced over the years as the related debt is paid-off with funds received from the Redevelopment Property Tax Trust Fund (RPTTF), which is administered by the County Auditor-Controller.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Members of the Oversight Board  
Successor Agency of the Redevelopment Agency  
of the City of Riverside  
Riverside, California

We have audited, in accordance with the 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, the financial statements of the Successor Agency of the Redevelopment Agency of the City of Riverside (the Successor Agency), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Successor Agency's basic financial statements, and have issued our report thereon dated December 16, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Successor Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Successor Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Successor Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.




Honorable Members of the Oversight Board  
Successor Agency of the Redevelopment Agency  
of the City of Riverside

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Successor Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Irvine, California  
December 16, 2024