



Honorable Mayor and Members of the City Council  
City of Riverside  
Riverside, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Riverside (the City) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 16, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated June 5, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2024.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The annual required contributions, pension expense, net pension liability, and corresponding deferred outflows of resources and deferred inflows of resources for the City's agent multiple employer defined benefit pension plans are based on actuarial valuations provided by California Public Employee Retirement System actuaries and for the City's single employer defined benefit pension plan are based on an actuarial valuation provided by a third-party actuary.
- The other post-employment benefits (OPEB) expense and total OPEB liability, and corresponding deferred outflows of resources and deferred inflows of resources for the City's OPEB plan are based on an actuarial valuation provided by a third-party actuary.
- The claims liability for workers' compensation, automobile liabilities, and general liabilities are based on certain actuarial assumptions and methods prepared by an outside consultant.

- The allowance for uncollectible accounts are based on management's analysis of collectability of receivables based on terms and conditions of agreements, as well as current economic conditions and considerations of creditors ability to pay. We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.
- The liability for landfill capping is determined by estimating future costs and comparing them with actual expenditures over a five-year review period.
- The decommissioning liability is based on estimates provided by Southern California Edison.

#### Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 11 regarding claims liability for workers' compensation, automobile liabilities, and general liabilities
- Note 12 regarding landfill capping
- Note 13 regarding nuclear decommissioning liability
- Note 15 regarding other post-employment benefits
- Note 16 regarding employees retirement plan

The financial statement disclosures are neutral, consistent, and clear.

#### **Difficulties encountered in performing the audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### **Uncorrected misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

#### **Corrected misstatements**

The following material misstatements detected as a result of audit procedures were corrected by management:

- An adjustment was recorded to increase unavailable revenue and decrease revenue for the general fund for accounts receivable that were not received within the City's period of availability.
- An adjustment was recorded to adjust balances of leases receivables and related accounts and beginning net position to correct an error in the calculation of lease receivable.

***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated December 16, 2024.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

***Other audit findings or issues***

We have provided a separate communication to you dated December 16, 2024, communicating internal control related matters identified during the audit.

***Required supplementary information***

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

**Supplementary information in relation to the financial statements as a whole**


With respect to the combining and individual non-major fund financial statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 16, 2024.

**Other information included in annual reports**

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of introductory and statistical sections. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

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This communication is intended solely for the information and use of the City Council and management of the City of Riverside and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Irvine, California  
December 16, 2024