CITY OF RIVERSIDE, CALIFORNIA

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2025

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CITY OF RIVERSIDE, CALIFORNIA
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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*

Members of the City Council
City of 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Riverside, California (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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.*

City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of finding and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

CliftonLarsonAllen LLP

Irvine, California
December 23, 2025

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Members of the City Council
City of Riverside, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Riverside, California's (the City's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative* Requirements*, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon, dated December 23, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
March 19, 2026

CITY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
CDBG - Entitlement Grants Cluster				
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	$ 2,874,342	$ 413,467
Total CDBG - Entitlement Grants Cluster			**2,874,342**	**413,467**
Federal Transit Cluster				
U.S. Department of Transportation				
Direct Programs:				
Federal Transit Formula Grants	20.507	N/A	603,719	-
Total Federal Transit Cluster			**603,719**	**-**
Other Programs				
U.S. Department of Housing and Urban Development:				
Direct Programs:				
Emergency Solutions Grants Program	14.231	N/A	229,855	162,081
Home Investment Partnerships Program	14.239	N/A	3,326,534	-
Housing Opportunities for Persons with AIDS	14.241	N/A	4,687,943	4,610,018
Pass-through the County of Riverside:				
Continuum of Care Program	14.267	HHPWSCoC-0004139	184,189	-
Total U.S. Department of Housing and Urban Development			8,428,521	4,772,099
U.S. Department of Interior, National Parks Service				
Direct Programs:				
Save America's Treasures	15.929	N/A	216,154	-
Total U.S. Department of Interior			216,154	-
U.S. Department of Justice				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607	N/A	3,600	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	43,821	24,668
Equitable Sharing Program	16.922	N/A	67,502	-
Pass-through the County of Riverside:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unknown	109,523	-
Pass-through the City of San Diego:				
Missing Children Assistance	16.543	15PJDP-21-GK-03811-MECP	89,246	-
Total U.S. Department of Justice			313,692	24,668
U.S. Department of Transportation				
Direct Programs:				
Airport Improvement Program	20.106	N/A	126,922	-
Pass-through the California Department of Transportation:				
Highway Planning and Construction	20.205	16-NW-RIV-1190	18,854,418	-
Subtotal Highway Planning and Construction			18,854,418	-
Pass-through State of California Office of Traffic Safety:				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	OP24012	1,155	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	MC24010	11,673	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT25113	135,528	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT24162	216,664	-
Subtotal Minimum Penalties for Repeat Offenders for Driving While Intoxicated			365,020	-

(Continued)

CITY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation (Continued)				
State and Community Highway Safety	20.600	MC25007	14,023	-
State and Community Highway Safety	20.600	PT25113	115,367	-
Subtotal State and Community Highway Safety			129,390	-
Incentive Grant Program to Prohibit Racial Profiling	20.611	PT25113	1,189	-
National Priority Safety Programs	20.616	OP25019	5,863	-
Total U.S. Department of Transportation			19,482,802	-
U.S. Department of Treasury				
Direct Programs:				
Equitable Sharing	21.016	N/A	268,464	-
COVID-19 - Emergency Rental Assistance Program	21.023	N/A	25,732	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	32,380,376	1,412,751
Total U.S. Department of Treasury			32,674,572	1,412,751
Executive Office of the President - Office of National Drug Control Policy				
Pass-through State of California:				
High Intensity Drug Trafficking Areas Program	95.001	Unknown	324,298	-
Total Executive Office of the President - Office of National Drug Control Policy			324,298	-
U.S. Department of Homeland Security				
Direct Programs:				
National Urban Search and Rescue (US&R) Response System	97.025	N/A	3,473,145	-
Assistance to Firefighters Grant	97.044	N/A	253,388	-
Homeland Security Grant Program	97.067	N/A	176,649	-
Pass-through State of California:				
Homeland Security Grant Program	97.067	2020-0095	1,535,214	661,674
Homeland Security Grant Program	97.067	2021-0081	856,773	280,275
Homeland Security Grant Program	97.067	2022-0043	601,016	195,000
Homeland Security Grant Program	97.067	2023-0042	165,043	-
Homeland Security Grant Program	97.067	2024-0088	47,707	-
Pass-through the County of Riverside:				
Homeland Security Grant Program	97.067	2023-0043	101,644	-
Subtotal Homeland Security Grant Program			3,307,397	1,136,949
Pass-through the County of Riverside:				
Emergency Management Performance Grants	97.042	2022-0005	50,981	-
Total U.S. Department of Homeland Security			7,261,560	1,136,949
Total Other Programs			**68,701,599**	**7,346,467**
Total Federal Expenditures			**$ 72,179,660**	**$ 7,759,934**

See accompanying Notes to the Schedule of Expenditures of Federal Awards

CITY OF RIVERSIDE, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Riverside (the City) under programs of the federal government as well as federal financial assistance passed through other government agencies for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200*, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial statements of the City. The City's reporting entity is defined in Note 1 of the notes to the City's financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, which is described in Note 1 of the notes to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:
   - Material weakness(es) identified? x yes ____ no
   - Significant deficiency(ies) identified? ____ yes x none reported

3. Noncompliance material to financial statements noted? ____ yes x no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ____ yes x no
   - Significant deficiency(ies) identified? ____ yes x none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
97.025	National Urban Search and Rescue (US&R) Response System

Dollar threshold used to distinguish between Type A and Type B programs: $ 2,165,390

Auditee qualified as low-risk auditee? ____ yes x no

Section II – Financial Statement Findings

2025 – 001: Prior Period Adjustment

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: A prior period adjustment was necessary to correct the balances for deposits and construction in progress. Deposits and construction in progress were recorded incorrectly due to the following:

- Deposits were not correctly recognized as revenue in the prior years.
- Refundable fees were not correctly recognized as a deposit in the prior years.
- Completed construction in progress projects were not correctly reclassified to depreciable categories and subsequently depreciated in the prior years.
- Projects included in construction in progress should have been recorded as an expense in prior years.

Criteria or specific requirement: All deposits payable account balances should be reduced when deposits are returned or recorded as revenue when the deposits are forfeited. Assets should be reclassified from construction in progress to a depreciable capital asset class once the projects have been put into service. If it is determined that projects will not be completed, they should be recorded as an expense.

Effect: The following adjustments were made to correct beginning balances:

- Decrease deposits by approximately $3.2 million
- Decrease prepaids by approximately $8.5 million
- Decrease construction in progress by approximately $91.1 million
- Increase land by approximately $1.8 million
- Increase capitalizable assets by approximately $29.6 million

Cause: The discrepancies identified in prior years were primarily the result of legacy accounting practices combined with staff turnover and limited resources during the affected periods.

Recommendation: We recommend that the City improve internal controls over year end close by assigning additional accounting resources to assist with the review of account schedules.

Views of responsible officials and planned corrective actions: Management concurs with the finding. The matters noted relate to legacy accounting practices associated with deposits and construction in progress. The Finance Department has implemented new accounting procedures to enhance the accuracy of accounting records. Additionally, Finance is in the process of hiring experienced staff to support increasing reporting requirements and ongoing organizational needs.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

CITY OF RIVERSIDE, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025

Financial Statement Findings

2024 – 001: Financial Reporting

Condition: As a result of our audit procedures over leases receivable, a prior period adjustment was necessary to correct the balances for two leases. The lease receivable and related deferred inflows were calculated incorrectly due to the following:

- Lease payments during the term of the lease were incorrectly reduced by incorrect rent credits.
- During the lease term, scheduled increases in minimum lease payments were not considered.
- Lease term incorrectly included an additional 55 years.
- Amounts received prior to the initial lease term that are related to future periods were not included in the calculation of deferred inflow of resources.

Recommendation: We recommend that the City assigns additional accounting resources to assist with the implementation of new accounting standards as they become effective.

Status: This recommendation has been implemented.

Federal Program Award Findings

2024 – 002: Reporting

Condition: Project and Expenditure Reports tested did not include information about projects that fall under the revenue replacement category, including the 1) current period obligation, 2) cumulative obligation, 3) current period expenditures and, 4) cumulative expenditures.

Recommendation: We recommend that management correct the reporting on its next Project and Expenditure Report to include projects that fall under the revenue replacement category.

Status: This recommendation has been implemented.

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