APPENDIX A

CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION

General

The City is the county seat of Riverside County (the "**County**") and is located in the western portion of the County about 60 miles east of downtown Los Angeles and approximately 90 miles north of San Diego. Within 10 miles of the City are the cities of San Bernardino, Loma Linda, Corona, Norco, Fontana, Ontario, Rialto, Colton, Moreno Valley and Redlands, among others. These cities and the City are located in the County or the County of San Bernardino and comprise the Riverside-San Bernardino Primary Metropolitan Statistical Area (the "**PMSA**"). The PMSA represents an important economic area of the State and of Southern California. It lies to the west and south, respectively, of the strategic San Gorgonio and Cajon Passes, from which three transcontinental railroads and interstate highways converge to connect the Los Angeles area with the other areas of the nation. The City is situated in close proximity to the metropolitan centers of Los Angeles and Orange Counties.

The County and the County of San Bernardino cover 27,400 square miles, a land area larger than the State of Virginia. As of January 1, 2019, the County had a population estimated at 2,415,955 and San Bernardino County had a population estimated at [2,174,938][**UPDATE AVAIL. IN MAY**]. With a population of over 4.5 million, the PMSA ranks as one of the largest Metropolitan Statistical Areas ("**MSAs**") in the United States. The County alone is geographically larger than the State of New Jersey. The PMSA, though small geographically in relation to the bi-county area, contains most of the two counties' population.

Municipal Government

The City was incorporated in 1883 and covers 81.5 square miles. The City is a charter city and has a council-manager form of government with a seven-member council being elected by ward for four-year overlapping terms. The mayor is elected at large for a four-year term and is the presiding officer of the council, but does not have a vote except in case of a tie. The position of City Manager is filled by appointment of the council to serve as administrator of the staff and to carry out the policies of the council.

Functions of the City government are carried out by approximately 2,500 personnel. The City operates and maintains a sewer, water and electrical system. Other City services include diversified recreation programs, police, fire, airport, parks, a museum and libraries.

Services and Facilities

Public Safety and Welfare. The City provides law enforcement and fire protection services. The Police Department currently employs 374 sworn officers and the Fire Department employs 224 sworn fire fighters operating out of 14 fire stations. Other services provided by the City include emergency medical aid, traffic safety maintenance, and building safety regulation and inspection.

Public Services. The City provides electric, water, sewer, refuse and transportation service to the City residents through municipal enterprises. The City also owns and operates a general aviation airport.

Public Works. Additional services include parkway and median maintenance improvements, refuse management, sewer and storm drain maintenance, zoning and development administration, environmental review, code enforcement and street tree maintenance.

Leisure and Community Services. Among the City's cultural institutions and activities are a convention center, the Riverside Art Museum, a Riverside Metropolitan Museum, a number of libraries, the Municipal Auditorium, the Fox Performing Arts Center, the opera society and the symphony society. There are three major hospitals in the City: Parkview Community, Riverside Community and Kaiser Permanente.

Population

As of January 1, 2018, the population of the City was estimated to be 325,850, an increase of approximately 0.8% over the estimated population of the City in 2017. The following table presents population data for both the City and County.

Table 1
POPULATION

Year	***City of Riverside***	***Riverside County***
1950	46,764	170,046
1960	84,332	306,191
1970	140,089	459,074
1980	165,087	663,923
1990	226,505	1,170,413
2000	255,166	1,545,387
2010	302,597	2,179,692
2011	307,207	2,212,874
2012	311,332	2,239,715
2013	316,162	2,266,549
2014	318,511	2,291,093
2015	321,655	2,317,924
2016	324,696	2,347,828
2017	323,190	2,382,640
2018	325,860	2,415,955
2019	[__]	[__]

Sources: 1950-2010 U.S. Census; 2011-2019 California Department of Finance (Demographic Research Unit).

Accounting Policies and Financial Reporting

The accounts of the City are organized into separate funds to account for different activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. The City's general fund and other governmental fund types use the modified accrual basis of accounting. All of the City's other funds, including proprietary fund types and fiduciary fund types, use the accrual basis of accounting. The basis of accounting for all funds is more fully explained in the "Notes to the Basic Financial Statements" contained in

"APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE YEAR ENDED JUNE 30, 2018."

The City Council employs, at the beginning of each fiscal year, an independent certified public accountant who, at such time or times as specified by the City Council, at least annually, and at such other times as he or she will determine, examines the combined financial statements of the City in accordance with generally accepted auditing standards, including such tests of the accounting records and such other auditing procedures as such accountant considers necessary. As soon as practicable after the end of the fiscal year, a final audit and report is submitted by such accountant to the City Council and a copy of the financial statements as of the close of the fiscal year is published.

The City General Fund finances the legally authorized activities of the City not provided for in other restricted funds. General Fund revenues are derived from such sources as taxes; licenses and permits, fines, forfeits and penalties; use of money and property; aid from other governmental agencies; charges for current services; and other revenue. General Fund expenditures are classified by the functions of general government, public safety, highways and streets, culture and recreation and community development.

City Financial Data

The following tables provide a five-year history of the City's General Fund Balance Sheet (Table 2), and General Fund revenues, expenditures, transfers, and ending fund balances (Table 3).

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Table 2
GENERAL FUND BALANCE SHEET (As of June 30)
(Amounts Expressed in Thousands)

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
ASSETS:					
Cash and Investments	$31,017	$46,747	$33,511	$59,347[2]	$84,142
Cash and investments at fiscal agent	4,564	4,563	2,758	1,943	18
Receivables (net)					
Interest	1	30	19	23	193
Property taxes	5,027	3,874	4,524	4,274	3,876
Sales taxes	13,106	14,178	19,117	20,360	23,854
Utilities billed	1,182	1,226	1,123	1,210	1,226
Accounts	8,014	7,607	12,674	6,525	5,642
Intergovernmental	4,445	3,202	5,388	4,050	5,325
Notes	--	--	1,597	1	10
Prepaid items	241	659	1,455	2,599	1,947
Deposits	300	300	300	300	
Due from other funds	18,116	6,934	1,564	1,722	858
Advances to other funds	23,226	22,064	20,757	22,715	-- [3]
Advances to Successor Agency	652	619	582	554	--
Land & Improvements held for resale	--	675	1,341	175	175
Total assets	$109,891	$112,678	$106,710	$125,798	$127,266
LIABILITIES:					
Accounts Payable	$7,531	$8,328	$7,640	$9,291	$7,463
Accrued payroll	8,635	11,697	14,985	19,072	16,442
Retainage payable	10	7	31	1	13
Intergovernmental	159	147	144	149	151
Unearned revenue	387	227	1,296[1]	273	330
Deposits	9,226	8,867	8,946	7,750	8,558
Advances from other funds	166	72	--	--	--
Total liabilities	$26,114	$29,345	$33,042	$36,536	$32,957
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	$4,917	$3,682	$8,090	$6,192	$4,685
Total deferred inflow of resources	$4,917	$3,682	$8,090	$6,192	$4,685
FUND BALANCE:					
Nonspendable	$24,419	$23,642	$23,094	$26,168	$1,947
Restricted	2,204	2,985	3,067	2,651	2,991
Committed Contingency	--	--	--	--	53,800[4]
Assigned	14,505	13,965	9,922	14,968	23,242
Unassigned	37,732	39,059	29,495	39,283	7,644[4]
Total fund balance	$78,860	$79,651	$65,578	$83,070	$89,624
Total liabilities and fund balance	$109,891	$112,678	$106,710	$125,798	$127,266

(1) The increase in Unearned revenue from fiscal year 2014-15 was related to grant revenue received, but not earned (approximately $630K), and land held for resale from the Successor Agency that was deferred (approximately $666K).

(2) The increase in Cash and investments from prior fiscal year was primarily due to increased sales tax revenue (Measure Z) and a $17.9 million loan payoff from the Successor Agency that was received earlier than anticipated.

(3) In fiscal year 2017-18, the 2005 Pension Obligation Bonds and 2017 Pension Obligation Bonds (each as defined under the heading "– Long-Term Obligations") expense was allocated to each fund to reflect its proportional share, eliminating Advances to other funds.

(4) Committed Contingency reflects a reserve for economic contingency that was previously classified in Unassigned.

Source: City Audited Financial Statements (except as noted).

Table 3
STATEMENT OF GENERAL FUND
REVENUES, EXPENDITURES AND FUND BALANCES (Fiscal Year Ending June 30)
(Amounts Expressed in Thousands)

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenues:					
Taxes	$143,748	$153,200	$156,172	$174,803[4]	$223,116[7]
Licenses and permits	7,694	8,490	9,077	9,815	10,015
Intergovernmental[1]	12,915	10,454	10,006	7,318	10,513
Charges for services	15,734	24,737	26,443	31,384	17,438[8]
Fines and forfeitures	7,283	3,957	1,937	1,975	3,699
Special assessments	4,219	4,480	4,424	4,443	402
Rental and investment Income	1,857	2,854	1,868	2,768	2,318
Miscellaneous	3,402	5,180	4,146	5,512	3,815
Total revenues	$196,852	$213,352	$214,073	238,018	$271,316
Expenditures					
Current:					
General government	$10,351	$14,027	$15,578	$16,451	$15,635
Public safety	149,450	156,648	163,837	162,868	184,608[9]
Highways and streets	16,944	16,594	17,416	17,504	18,643
Culture and recreation	34,165	37,405	39,413	40,440	29,136
Capital Outlay	8,589	4,899	8,139	3,361	2,646
Debt service[2]:					
Principal	9,262	10,954	12,232	44,225	-- [10]
Interest	6,259	5,940	5,626	5,209	-- [10]
Bond issuance costs	103	172	180	29	14
Total expenditures	$235,123	$246,639	$262,421	$290,087	$250,682
Excess (deficiency) of revenues over (under) expenditures	$(38,271)	$(33,257)	$(48,348)	$(52,069)	$20,634
Other financing sources (uses)					
Transfers in[3]	$45,695	$45,410	$44,790	$76,948[5]	$59,332
Transfers out	(13,184)	(16,024)	(16,747)	(13,497)	(50,738)[11]
Proceeds from issuance of long-term debt	30,940	30,940	31,145	--	--
Payment to escrow account for advance refunding[2]	(30,940)	(30,940)	(30,940)	--	--
Capital lease proceeds	6,625	4,450	5,846	2,109	--
Sale of capital assets	904	242	181	4,001[6]	422
Total other financing sources (uses)	$40,040	$34,078	$34,275	$69,561	$9,016
Net change in fund balance	1,769	791	(14,073)	17,492	29,650
Fund balance, July 1	77,091	78,860	79,651	65,578	83,070
Prior period adjustment	--	--	--	--	(23,096)[12]
Fund balance, June 30	$78,860	$79,651	$65,578	$83,070	$89,624

(1) Reflects revenue received from grants and motor vehicle in-lieu fees.
(2) Includes the City's Taxable Pension Obligation Refunding Bond Anticipation Notes, 2005 Pension Obligation Bonds and 2017 Pension Obligation Bonds.
(3) Includes Water Revenue Fund Transfer and Electric Revenue Fund Transfer.
(4) Increase from prior fiscal year was primarily due to an increase in sales tax revenue (Measure Z).
(5) Increase from prior fiscal year was due to approximately $31.1 million of proceeds from the issuance of the 2017 Pension Obligation Bonds.
(6) Represents proceeds from sale of surplus City properties.
(7) Increase from prior fiscal year was primarily due to Measure Z revenues. See "– Measure Z."
(8) Decrease from prior year was largely attributed to the establishment of the Civic Entertainment Fund related activities, which reported charges for services for the year ended June 30, 2018, of $16.4 million.
(9) Increase from prior fiscal year was primarily due to a one-time capital expenditure for a fire apparatus in the approximate amount of $10.9 million.
(10) General Fund-related debt service payments are now reflected in the Debt Service Fund. See footnote 11 below.

(11) Increase from prior fiscal year was due to a change in the way the City structures payment from certain of its funds. For example, approximately $28.7 million was due to a transfer to the Debt Service Fund and approximately $10.3 million was due to transfers to two new funds (the Civic Entertainment Fund and Special Districts Fund), but previously, similar payments would have been expensed directly from the General Fund. Approximately $6 million was due to a transfer from Measure Z revenues to fund capital projects.

(12) A prior period adjustment of approximately $23.1 million was made to decrease the General Fund's fund balance related to the elimination of advances related to the 2005 Pension Obligation Bonds and 2017 Pension Obligation Bonds.

Source: City Audited Financial Statements (except as noted).

Budgetary Process and Administration

Consistent with the City Council's direction in 2015, City staff prepared a two-year budget for fiscal years 2018-19 and 2019-20. In addition, the budget has been developed within the context of a five-year plan, which provides a financial framework to guide future policy and programmatic recommendations by management and decisions by the City Council.

The City believes that moving to a two-year budget provides the City Council, departments and the public with greater certainty regarding ongoing funding and staffing for programs and services. It will eliminate the time required to produce, review, and approve the budget document every year. At the conclusion of the first year of the two-year budget, the City Council receives a mid-cycle review of year-end financials. The mid-cycle review process provides the mechanism to ensure that revenue and expenses forecast at the beginning of the first year remain accurate and, only if necessary, amend the budget to address any significant revenues shortages and/or unknown and unforeseeable expenses.

The City uses the following procedures when establishing the budgetary data reflected in its financial statements: During the period December through February of each fiscal year (now, every other fiscal year), department heads prepare estimates of required appropriations for the following fiscal year. These estimates are compiled into a proposed operating budget that includes a summary of proposed revenue and expenditures and historical data for the two preceding fiscal years. The operating budget is presented by the City Manager to the City Council for review. Public hearings are conducted to obtain citizen comments. The City Council generally adopts the budget during one of its June meetings. The City Manager is legally authorized to transfer budgeted amounts between divisions and accounts within the same department and fund. Transfer of appropriations between departments or funds and increased appropriations must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations at the departmental level within a fund.

Budgets for the funds are adopted on a basis consistent with generally accepted accounting principles.

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Comparison of Fiscal Year 2017-18 Annual Budget Against Actual Results. Table 4 summarizes the final budget and audited actual results of the General Fund of the City for fiscal year 2017-18.

Table 4
GENERAL FUND FINAL BUDGET VERSUS ACTUALS
(Fiscal Year 2017-18)
(Amounts Expressed in Thousands)

	Fiscal Year 2017-18			Fiscal Year 2018-19
	Final Budget	**Actual**	**Variance**	**Final Budget**
Revenues				
Taxes	$219,992	$223,116	$3,124	$225,439
Licenses and permits	10,454	10,015	(439)	10,188
Intergovernmental	10,971	10,513	(458)	1,856
Charges for services	16,440	17,438	998	17,395
Fines and forfeitures	1,414	3,699	2,285	1,809
Special assessments	495	402	(93)	505
Rental and investment income	4,208	2,318	(1,890)	1,700
Miscellaneous	3,859	3,815	(44)	4,032
Total revenues	$267,833	$271,316	$3,483	$262,924
Expenditures				
Current:				
General government	$31,831	$15,635	$16,196	$19,298
Public safety	191,684	184,608	7,076	184,654
Highways and streets	21,079	18,643	2,436	20,242
Culture and recreation	33,071	29,136	3,935	30,397
Capital outlay	6,017	2,646	3,371	1,259
Debt service:				
Bond issuance costs	--	14	(14)	--
Total expenditures	283,682	250,682	33,000	255,850
Excess (deficiency) of revenues over (under) expenditures	$(15,849)	$20,634	$36,483	$7,074
Other financing sources (uses)				
Transfers in[1]	$83,114	$59,332	$(23,782)	$61,428
Transfers out	(65,461)	(50,738)	14,723	(62,087)
Sale of capital assets	3,618	422	(3,196)	68
Total other financing sources (uses)	$21,271	$9,016	$(12,255)	$(591)
Net change in fund balance	$5,422	$29,650	$24,228	$6,483
Fund balance, beginning	83,070	83,070	--	89,624
Prior period adjustment	(23,096)	(23,096)	--	--
Fund balance, ending	$65,396	$89,624	$24,228	$96,107

(1) Includes a transfer from the Debt Service Fund to the General Fund for reimbursement of capital lease expenditures (approximately $10.9 million), the Water Revenue Fund Transfer and the Electric Revenue Fund Transfer.

Source: City of Riverside.

General Fund Reserves

The following chart illustrates the General Fund reserves of the City for fiscal years 2008-09 through 2017-18. The City's policy is to maintain its General Fund reserves in a minimum amount equal to 15% of the next fiscal year's expenditures, with a target of 20% of the next year's expenditures; moneys in the fund are available for use at the City Council's discretion.

Table 5
GENERAL FUND RESERVES
(As of June 30)
(Dollar Amounts Expressed in Thousands)

Fiscal Year	Ending Reserves(1)(2)(3)	Percent Change	% of Following Fiscal Year Expenditures(3)	Measure Z(4)
2008-09	$33,091	(17.2)%	16.7%	--
2009-10	32,023	(3.2)	16.4	--
2010-11	36,359	13.5	17.2	--
2011-12	39,347	8.2	17.8	--
2012-13	37,763	(4.0)	16.9	--
2013-14	37,732	(0.1)	15.7	--
2014-15	39,059	3.5	15.2	--
2015-16	29,495	(24.5)(5)	11.1	--
2016-17	37,129	25.9(6)	13.7	$2,154
2017-18	53,800	44.9(6)	20.0	7,644

(1) Fiscal years 2008-09 and 2009-10 Ending Reserves were calculated using methodology prior to GASB Statement No. 54, which modified the fund balance classifications to reflect a hierarchy based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the General Fund. Ending reserves for fiscal years 2008-09 and 2009-10 include fund balance classified as unreserved, designated for economic contingency, and unreserved, undesignated.

(2) In fiscal years 2009-10 through 2015-16, Ending Reserves represents the fund balance classified as Unassigned in the General Fund's balance sheet. In fiscal year 2016-17, the aggregate of Ending Reserves and Measure Z represents the fund balance classified as Unassigned in the General Fund's balance sheet. In fiscal year 2017-18, Ending Reserves represents the fund balance classified as Committed Contingency, and Measure Z represents the fund balance classified as Unassigned, in the General Fund balance sheet. See Table 2.

(3) Measure Z fund balance is excluded from the Ending Reserves and % of Following Fiscal Year Budgeted Expenditures.

(4) Measure Z is a 1.0% Transaction and Use Tax approved on November 8, 2016, that expires in 2036. Funds are accounted for separately, but are available for General Fund purposes.

(5) Decrease in fiscal year 2015-16 was due to expenditures for the Riverside Avenue grade separation project (an approximately $30 million project), which was completed in that fiscal year. A majority of the expenditures was reimbursed to the General Fund from non-General Fund funding sources in fiscal year 2016-17.

(6) Increase in fiscal year 2017-18 was due to increased sales tax revenues from Measure Z and cost saving efforts by departments during that fiscal year.

Source: City of Riverside budgets and financial projections.

Redevelopment Agency Dissolution

City of Riverside Redevelopment Agency Dissolution. The Former 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. In accordance with legislation originally enacted in 2011 and subsequently amended (together known as the "**Dissolution Act**"), all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012.

Pursuant to City Council actions taken by the City on March 15, 2011, and January 10, 2012, the City elected to serve as the Successor Agency. The Successor Agency is a separate legal entity, which serves as a custodian for the assets and liabilities of the Former Agency pending distribution to the appropriate taxing entities after the payment of enforceable obligations.

Impact on City. The Former Agency's operating budget for 2011-12 was $4.5 million, which included allocated costs for City staff, related non-personnel expenses, and internal service costs related to the operations of the Former Agency. Previously, the Former Agency's practice was to reimburse the City for these amounts annually with tax increment funds. The City historically loaned funds to the Former Agency for various capital projects and land acquisitions. Several of these loans remain outstanding and have been found to be enforceable obligations in accordance with the Dissolution Act.

Under the Dissolution Act, the City is receiving additional property tax revenues to offset the costs of administering the Successor Agency. Additionally, as the City is a taxing entity within the jurisdiction of the Former Agency, a portion of any former redevelopment tax increment that is not required by the Successor Agency to pay enforceable obligations is received by the City once distributed by the County.

No Successor Agency monies or payments received by the City from the Successor Agency are pledged to the Bonds. The City believes that the potential impact on the availability of redevelopment funds under the Dissolution Act will not materially adversely affect the City's ability to make Base Rental Payments under the Lease Agreement when due.

State Budget and Its Impact on the City

General. The State of California has experienced significant financial and budgetary stress from time to time in the past. State budgets are affected by national and state economic conditions and other factors over which the City has no control. The State's financial condition and budget policies affect communities and local public agencies throughout California. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget. Each State budget contains a number of measures that impact the City's finances.

The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior years. Following the submission of the Governor's Budget, the California Legislature takes up the proposal.

Under the California State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. Prior to the November 2, 2010 California General Election, the Budget Act required approval by a two-thirds majority vote of each House of the Legislature. On November 2, 2010, California voters passed Proposition 25, which amended this legislative vote requirement to a simple majority. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Information about the adopted fiscal year 2018-19 State budget, the proposed 2019-20 State budget and other State budgets is regularly available at various State-maintained websites. An impartial analysis of the budget is posted by the Legislative Analyst Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. *The information referred to in this paragraph is prepared by the respective State agency maintaining each website and not by the City or Underwriter, and the City and Underwriter take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated in this Official Statement by these references.*

Proposition 30. The fiscal year 2012-13 State budget relied upon the Schools and Local Public Safety Protection Act, a $6.9 billion tax increase approved by California voters at a regular election in November 2012 ("**Proposition 30**"). Proposition 30 enacted temporary increases on high-income earners, raising income taxes by up to three percent on the wealthiest Californians for seven years and increasing the state sales tax by $0.0025 for four years, which averted $5.9 billion of planned trigger cuts that would have affected public education funding in the State. The 2012-13 State budget also contained reductions in expenditures totaling $8.1 billion. The temporary personal income tax increases under Proposition 30 were scheduled to expire at the end of 2018; however, the voters approved Proposition 55 in the November 2016 statewide election, which extended these increases through 2030.

Future State Budgets. The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget. Any decrease in such revenues may have an adverse impact on the City's ability to pay the Certificates.

The City is aware of no material impacts on its operations or revenues resulting from the 2019-20 proposed State budget. City staff closely monitors these issues, and any identified impacts are quickly incorporated into the City's budgetary planning.

Taxes and Other Revenue

The General Fund receives the following local taxes and revenue. In the following sections, each of these sources of local tax revenue is described in greater detail.

Table 6
GENERAL FUND TAX REVENUES BY SOURCE
(Amounts Expressed in Thousands)

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Property Taxes[(1)]	$51,323	$54,864	$55,545	$59,526	$63,515
Sales & Use Tax[(2)]	55,096	59,437	60,976	63,278	64,136
Utility Users Tax[(3)]	28,092	28,076	27,828	27,958	27,498
Measure Z[(4)]	--	--	--	12,605	56,202
Other Taxes[(5)]	9,235	10,823	11,823	11,436	11,765
Total Taxes	$143,746	$153,200	$156,172	$174,803	$223,116

(1) Property Taxes include Property Transfer Tax, Library Operations Tax and the property tax received in lieu of vehicle license fees.
(2) Sales & Use Tax includes the sales tax in lieu related to Proposition 57 (known as the "Triple Flip") through Fiscal Year 2016-17.
(3) See "– Additional Sources of Revenue – Utility Users Taxes."
(4) Measure Z became effective in fiscal year 2016-17. For a discussion of Measure Z, see "–Measure Z."
(5) For fiscal year 2017-18, Other Taxes consists of Transient Occupancy Tax and Franchise Taxes in the approximate amounts of $6.79 million and $4.97 million, respectively. See "– Additional Sources of Revenue–Transient Occupancy Tax" and "– Franchise Taxes" herein for a description of these taxes.
Source: City of Riverside Annual Financial Reports.

Sales Taxes

Sales and use taxes represent the largest source of general fund revenue to the City. This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State. For a discussion of Measure Z, which is a 1% transactions and use tax that was approved by the City's electorate in November 2016 and took effect on April 1, 2017. See "–Measure Z."

Sales Tax Rates. The City's sales tax revenue represents the City's share of the sales and use tax imposed on taxable transactions occurring within the City's boundaries. The sales tax is governed by the Bradley-Burns Uniform Local Sales and Use Tax Law (the "**Sales Tax Law**").

Currently, taxable transactions in the City are subject to the following sales and use tax, of which the City's share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the City, as follows:

Table 7
SALES TAX RATES
Effective July 1, 2018

State General Fund	5.50%
City	1.00
State (Local Public Safety Fund)	0.50
State (County Transportation Fund)	0.25
Riverside County Transportation Commission	0.50
Measure Z[1]	1.00
Total	8.75%

[1] See "– Measure Z."
Source: California State Board of Equalization.

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the Statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State. The use tax is imposed on the purchase, for storage, use or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State where the use will occur within the State. Certain transactions are exempt from tax under the Sales Tax Law, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the California Department of Tax and Fee Administration Publication No. 61 (March 2018) entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found on the California Department of Tax and Fee Administration's website at http://www.cdtfa.ca.gov/. Information on this website is not a part of this Official Statement.

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the California Department of Tax and Fee Administration (the "**CDTFA**"). This process was formerly administered by the State Board of Equalization. The Taxpayer Transparency and Fairness Act of 2017, which took effect July 1, 2017, restructured the State Board of Equalization and separated its functions among three separate entities: the State Board of Equalization, the CDTFA and the Office of Tax Appeals. The State Board of Equalization will continue to perform the duties assigned to it by the state Constitution, while all other duties will be transferred to the newly established CDTFA and the Office of Tax Appeals. CDTFA will handle most of the taxes and fees previously collected by the State Board of Equalization, including sales and use tax.

According to the CDTFA, it distributes quarterly tax revenues to local jurisdictions (like the City) using the following method:

Using the prior year's like quarterly tax allocation as a starting point, the CDTFA first eliminates nonrecurring transactions such as fund transfers, audit payments and refunds, and then adjusts for growth, in order to establish the estimated base amount. The CDTFA disburses 90% of the base amount to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter's actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30% of the 90% distribution, while the third advance represents the remaining 40%. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, prior advances and the current advance are provided with each quarterly clean-up payment.

The CDTFA receives an administrative fee based on the cost of services provided by the Board to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

Taxable Sales by Category. Taxable sales by category for the past ten calendar years for which data is available is set forth in the following table.

Table 8
TAXABLE SALES BY CATEGORY
For Calendar Years 2009 Through 2018 (Dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Apparel Stores	$152,564	$161,802	$168,352	$175,320	$178,349	$188,670	$203,001	$214,852	$210,158	
General Merchandise	435,230	432,303	444,125	450,988	463,355	475,147	477,903	478,538	465,490	
Food Stores	170,151	167,259	169,380	181,719	193,368	209,022	217,902	168,854	169,922	
Eating and Drinking Places	364,291	371,419	395,423	422,153	447,841	483,901	533,317	582,262	609,705	
Building Materials	307,894	292,605	349,398	376,011	454,468	514,993	567,790	636,415	666,907	
Auto Dealers and Supplies	786,012	847,986	965,529	1,118,907	1,280,633	1,461,217	1,548,385	1,608,231	1,588,854	
Service Stations	301,654	350,904	419,497	430,322	418,110	413,128	370,257	338,762	360,830	
Other Retail Stores	487,924	501,071	517,583	535,945	550,157	595,305	633,089	692,375	677,850	
All Other Outlets	893,809	977,260	1,072,513	1,008,206	1,154,492	1,312,607	1,461,982	1,474,160	1,481,019	
Total	$3,899,529	$4,102,609	$4,501,800	$4,699,571	$5,140,773	$5,653,990	$6,013,625	$6,194,449	$6,230,735	

Source: City of Riverside Annual Financial Reports.

Measure Z

Measure Z is a 1% transaction and use tax (similar to the sales tax) approved by the City's electorate in November 2016. It was placed on the ballot by the Mayor and City Council to help restore as much as possible of the $11 million in services eliminated by the City in June 2016, as well as to fund, in part, over $40 million of estimated annual ongoing needs of the City, such as first responder staffing and vehicles, road and tree maintenance and building repair and maintenance. The City anticipates receiving approximately $50 million per year from Measure Z. Measure Z went into effect on April 1, 2017. See Table 6 under the heading "– Taxes and Other Revenue."

Measure Z's 1% transaction and use tax is a general tax, meaning the City may use the funds for any governmental purpose. Measure Z funds will be deposited and tracked in a separate fund in the City budget and will be subject to an annual independent audit. However, Measure Z funds are available for General Fund obligations, including payment of the Bonds.

Measure Z took effect on April 1, 2017, raising the combined total sales tax rate in the City from 7.75% to 8.75%, and is scheduled to sunset in 2036.

Ad Valorem Property Taxes

This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property tax payers in the City.

General. In California, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the County assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over other liens (except certain federal claims) on the secured property, regardless of the time of the creation of other liens. A tax levied on unsecured property does not become a lien against the taxes on unsecured property, but may become a lien on certain other property owned by the taxpayer.

Property taxes on the secured roll are due in two installments, on November 1 and March 1. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. If such taxes remain unpaid as of June 30 of the fiscal year in which the taxes are levied, the property securing the taxes may only be redeemed by a payment of the delinquent taxes and the delinquency penalty, plus costs and a redemption penalty of 1-1/2% per month from the original June 30th date to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted properties are thereafter subject to sale by the county tax collector as provided by law.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if unpaid by August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1-1/2% per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing of a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) secure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Assessed Value and Estimated Actual Value. Assessed value and estimated actual value of taxable property for the past ten calendar years for which data is available is set forth in the following table.

Table 9
ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
For Fiscal Years Ended June 30, 2008, Through June 30, 2018 (Dollars in thousands)

Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value
2009	$24,428,633	$1,330,053	$(7,515,667)	$18,243,019
2010	22,644,262	1,299,353	(7,103,040)	16,840,575
2011	22,056,793	1,260,923	(6,920,720)	16,396,996
2012	22,031,328	1,264,151	(6,952,649)	16,342,830
2013	22,313,665	1,244,448	(7,142,401)	16,415,712
2014	23,045,134	1,201,634	(7,394,982)	16,851,786
2015	24,482,621	1,329,391	(7,945,000)	17,867,012
2016	25,710,122	1,225,375	(8,432,984)	18,502,513
2017	26,927,989	1,311,356	(9,029,817)	19,209,528
2018	28,373,517	1,354,934	(9,791,810)	19,936,641

Source: City of Riverside Annual Financial Reports.

Principal Property Taxpayers. Principal property taxpayers for fiscal year 2017-18 is set forth in the following table.

Table 10
PRINCIPAL PROPERTY TAXPAYERS
Fiscal Year 2017-18
(Dollars in thousands)

Property Owner	Type of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Riverside Healthcare System	Health Care	$ 273,296	1	1.00%
Tyler Mall	Retail Sales	214,956	2	0.8
Rohr Inc	Manufacturing	148,268	3	0.5
La Sierra University	Student Housing	134,779	4	0.5
State Street Bank and Trust Co	Investment Bank	129,258	5	0.5
Cole ID	Manufacturing	107,100	6	0.4
Corona Pointe Apartments	Multi-Family Residential Rental	102,163	7	0.4
BRE Properties	Multi-Family Residential Rental	98,937	8	0.4
CPT Riverside Plaza LLC	Retail Sales	89,829	9	0.3
Riverside Fair Isle Apartments	Multi-Family Residential Rental	87,753	10	0.3
Totals		$ 1,386,339		4.9%

Source: Riverside County Assessor fiscal year 2017-18.

Property Tax Levies and Collections. Property tax levies and collections for the past 10 calendar years for which data is available is set forth in the following table.

Table 11
PROPERTY TAX LEVIES AND COLLECTIONS
For Calendar Years 2009 through 2018 (Dollars in thousands)[(1)]

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended June 30	**Taxes Levied for Fiscal Year**	**Amount**	**Percentage of Levy**	**Collection in Subsequent Years**	**Amount**	**Percentage of Levy**
2009	$86,251	$84,134	97.55%	$2,117	$86,251	100.00%
2010	77,228	74,491	96.46	2,737	77,228	100.00
2011	74,608	72,327	96.94	2,281	74,608	100.00
2012	41,020	40,340	98.34	680	41,020	100.00
2013	43,333	42,447	97.96	886	43,333	100.00
2014	45,138	44,684	98.99	454	45,138	100.00
2015	48,846	48,427	99.14	419	48,846	100.00
2016	50,023	49,585	99.12	--	49,585	99.12
2017	53,655	53,252	99.25	--	53,252	99.25
2018	57,567	57,173	99.32	--	57,173	99.32

(1) Amounts shown in this table reflect remittances by the County to the City, including amounts paid pursuant to the County's Teeter Plan. Nearly all of such amounts are paid in the same fiscal year as that of the related tax levy, and a small portion of such amounts is paid in the next subsequent fiscal year. See "– Teeter Plan."
Source: City of Riverside Annual Financial Reports; City of Riverside.

Teeter Plan*.* In 1949, the California Legislature enacted an alternative method for the distribution of property taxes to local agencies. This method, known as the "Teeter Plan," is found in Sections 4701-4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county collects property taxes and certain other public agencies and taxing areas located in the county receive annually 100% of their shares of property taxes and other levies collected on the secured roll. While the county bears the risk of loss on unpaid delinquent taxes, it retains the penalties associated with delinquent taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless, prior to the commencement of a fiscal year, a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, decide to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes levied on the secured roll by that agency.

The Board of Supervisors of the County has adopted the Teeter Plan, and the City elected to be included within the County's Teeter Plan, effective for fiscal year 2013-14. To the extent that the County's Teeter Plan continues in existence and is carried out as adopted with respect to the City, the City will receive 100% of its share of secured property tax levies.

Additional Sources of Revenue

Franchise Taxes. The City levies a franchise tax on its cable television, trash collection, and ambulance service.

Business License Taxes. The City levies a business license tax based principally on gross receipts and on number of employees.

Transient Occupancy Taxes. The City levies a 13% transient occupancy tax on hotel and motel bills.

Utility Users Taxes. The City levies a tax equal to 6.5% of utility bills, which is collected by the companies providing the services and remitted monthly to the City. This tax was adopted by the City Council on July 7, 1970, and the approving ordinance has no sunset provision.

On October 19, 2017, a writ of mandate entitled *Parada v. City of Riverside* (Parada I) was filed against the City seeking to enjoin the City from levying its electric utility users tax on the portion of electric rates that are attributable to the General Fund Transfer. On September 21, 2018, the trial court ruled in favor of the City, and on November 7, 2018, the court entered judgment in favor of the City.

Property Transfer Taxes. A documentary stamp tax is assessed for recordation of real property transfers.

Library Operations Taxes. The City levies a $19 per year parcel tax for library operations, which was approved by voters in November 2001 and renewed in November 2011. The tax generates approximately $1.3 million annually for the City and expires on June 30, 2022.

Utility Payments and Transfers to General Fund

See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Articles XIIIC and XIIID of the State Constitution" and "—Revenue Transfer from Electric Utility" for a description of certain transfers to the General Fund from the City's water utility (in the amount of approximately $6.173 million in fiscal year 2017-18) and the City's electric utility (in the amount of approximately $40.073 million in fiscal year 2017-18).

Special Assessments

On an annual basis, the City deposits into the General Fund approximately $3.5 million of assessments levied and collected in Street Lighting District No. 1. Street Lighting District No. 1 was formed in 1988 for installation, construction, maintenance and operation of public lighting and related facilities. The City uses the assessments to pay for a portion of the costs incurred by the City for the authorized public lighting and related facilities.

Short-Term Obligations

The City currently does not have any short-term obligations outstanding.

Long-Term Obligations

Set forth below is a summary of the City's outstanding general fund obligations.

Pension Obligation Bonds. In fiscal year 2003-04, the City incurred pension obligation debt in connection with bonds issued by California Statewide Communities Development Authority (the "**2004 Bonds**"), in a single series, in the initial aggregate amount of $89,540,000 to fund a portion of the unfunded actuarial accrued liability for public safety employees. Proceeds from the 2004 Bonds were deposited with California Public Employees Retirement System ("**PERS**"). As of June 30, 2018, the City had $44,400,000 principal amount of obligations in connection with the 2004 Bonds outstanding.

In fiscal year 2004-05, the City issued pension obligation bonds, in two series, in the initial aggregate amount of $60,000,000 to fund a portion of the unfunded actuarial accrued liability for miscellaneous employees, and proceeds from the bonds were deposited with PERS. One of the series, which was issued in the initial principal amount of $30,000,000, was subsequently refunded, leaving outstanding a single series of bonds (the "**2005 Pension Obligation Bonds**"). As of June 30, 2018, the City had $6,655,000 principal amount of 2005 Pension Obligation Bonds outstanding. Although the 2005 Pension Obligation Bonds are primarily an obligation of the General Fund, a portion of the debt service on such bonds is paid from the City's enterprise funds (collectively, representing approximately 52.1% of the debt service in fiscal year 2017-18) on the basis of the respective staffing allocations.

In fiscal year 2016-17, the City issued taxable pension obligation refunding bonds in a single series, in the initial aggregate amount of $31,960,000 to refund the City's $31,145,000 aggregate principal amount Taxable Pension Obligation Refunding Bond Anticipation Notes, 2016 Series A (the "**2017 Pension Obligation Bonds**"). As of June 30, 2018, the City had $29,049,000 principal amount of 2017 Pension Obligation Bonds outstanding. Although the 2017 Pension Obligation Bonds are primarily an obligation of the General Fund, a portion of the debt service on such bonds is paid from Measure Z revenues (representing approximately 45.7% of the debt service in fiscal year 2017-18) and, otherwise, from the City's enterprise funds (collectively, representing approximately 52.1% of the debt service in fiscal year 2017-18) on the basis of the respective staffing allocations.

Certificates of Participation & Lease Revenue Bonds. The City has made use of various lease arrangements to finance capital projects through the execution and delivery of certificates of participation and issuance of lease revenue bonds. As of September 1, 2018, the outstanding certificates of participation and lease revenue bonds and their outstanding principal balance were as set forth in the following table:

Table 12
SUMMARY OF LONG-TERM GENERAL FUND COP AND LEASE REVENUE BOND OBLIGATIONS

	Original Issue	Outstanding Principal[1]	Final Maturity Date
2006 Certificates of Participation	$19,945,000	$5,000	September 1, 2036[3]
2008 Certificates of Participation[2]	128,300,000	98,200,000	March 1, 2037
2012 Lease Revenue Bonds	41,240,000	32,780,000	November 1, 2033
2013 Certificates of Participation	35,235,000	31,220,000	June 1, 2034
2019 Lease Revenue Bonds	15,980,000	15,980,000	November 1, 2036[3]
Subtotal	$240,700,000	$178,185,000	

(1) As of May 15, 2019.
(2) The City employed an interest rate swap with respect to the 2008 Certificates of Participation. See Note 9 (Derivative Instruments) to the City's fiscal year 2017-18 audited financial statements.
(3) All but $5,000 of the 2006 Certificates of Participation were refunded with a portion of the proceeds of the 2019A Lease Revenue Bonds.

Bank Loan Financings. The City entered into a loan with City National Bank in 2011 to finance the construction of the Fox Entertainment Plaza, a mixed-use project adjacent to the Fox Performing Arts Center in downtown Riverside that contains a parking garage, museum exhibit space, restaurant/retail space, and a small black box theater. While the debt is recorded in the City's Parking Fund (an enterprise fund) and the debt is to be primarily serviced by Parking Fund revenues, the debt is payable from the General Fund. As of June 30, 2018, the total amount outstanding was $18,255,837; of that amount, $3,610,837 becomes due on December 16, 2022, and $14,645,000 becomes due on December 16, 2032.

On April 5, 2012, the City entered into a lease/leaseback financing arrangement with Pinnacle Public Finance in the principal amount of $4,000,000. Proceeds of this financing arrangement were used to finance a portion of the construction cost of a new City park. The City's General Fund secures the lease/lease back arrangement. As of June 30, 2018, the total amount outstanding was $1,746,491. The financing matures on April 5, 2022.

On July 19, 2012, the City entered into a Lease and Option to Purchase Agreement with Compass Mortgage Corporation for the purpose of financing expansion and renovation of the City's Convention Center. The Lease and Option to Purchase Agreement establishes a variable rate interest component. A concurrent interest rate swap transaction with Compass Bank produces a long-term "synthetic fixed" interest rate.

The Lease and Option to Purchase Agreement establishes a LIBOR-based variable rate interest rate. During the 21-month construction period, the City paid interest-only payments from proceeds of the lease financing. At the end of the 21-month construction period, an interest rate swap agreement with Compass Bank commenced and the variable interest rate under the Lease and Option to Purchase Agreement was "swapped" to fixed for the remaining 20-year amortization, resulting in equal payments each year of approximately $2,850,000. The total approved loan amount is $41,650,000; however under the terms of the loan agreement the City was only required to pay interest on the portion of the proceeds spent as of each monthly interest payment date.

On February 25, 2014, the City Council approved an increase in the loan amount of $3,000,000, increasing the total amount of the loan to $44,650,000. The additional funding is not included in the interest rate swap and will remain subject to the variable interest rate. All other terms of the additional financing are comparable to the original transaction including the term and interest rate. The additional principal will amortize proportionally to the amortization schedule of the original loan.

In order to enter into the swap transaction, the City waived certain of its Master Swap Policies relating to the requirements for ratings-based termination events and a credit support annex. The City mitigated the risks associated with this waiver by negotiating protections for the City if a credit event by Compass Bank were to occur, including the ability to offset swap payments due to it from Compass Bank pursuant to the swap agreement against current and future lease payments required to be made by the City to Compass Mortgage Corporation under the Lease and Option to Purchase Agreement.

Payment of the loan commenced on May 1, 2014, and as of June 30, 2018, the total amount outstanding was approximately $37,356,143. The loan matures on April 3, 2034.

Capital Lease Obligations. The City leases various equipment through capital leasing arrangements. The minimum lease obligations payable by the City as of June 30, 2018, are identified in Note 6 to the City's fiscal year 2017-18 audited financial statements. See Appendix B.

Direct and Overlapping Debt Obligations. Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. and dated April 1, 2019. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

Table 13
STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
(Dated April 1, 2019)

2018-19 Assessed Valuation: $30,212,791,874

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 4/1/19
Metropolitan Water District	1.035%	$ 497,318
Riverside County Flood Control and Water Conservation District Zone No. 4	2.025	297,473
Riverside City Community College District	28.552	71,800,020
Alvord Unified School District	71.101	144,371,786
Riverside Unified School District	85.788	177,126,484
Corona-Norco Unified School District	0.001	4,229
Jurupa Unified School District	0.001	1,657
Moreno Valley Unified School District	10.315	16,737,998
City of Riverside	**100.000**	**9,085,000**
Alvord Unified School District Community Facilities District No. 2006-1	82.333	5,820,943
Riverside Unified School District Community Facilities Districts	88.816 -100.	70,740,397
City of Riverside Community Facilities Districts	100.000	19,875,000
City of Riverside 1915 Act Bonds	100.000	20,625,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$536,983,305
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	10.778%	$ 83,784,617
Riverside County Pension Obligation Bonds	10.778	26,282,153
Corona Norco Unified School District Certificates of Participation	0.001	308
Jurupa Unified School District Certificates of Participation	0.001	593
Moreno Valley Unified School District Certificates of Participation	10.315	1,442,037
Riverside Unified School District General Fund Obligations	85.788	13,321,771
City of Riverside General Fund Obligations	**100.000**	**185,780,713**(1)
City of Riverside Pension Obligation Bonds	**100.000**	**80,105,000**
Western Municipal Water District General Fund Obligations	32.645	2,944,892
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$393,662,084
Less: Riverside County supported obligations		275,918
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$393,386,166
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$199,246,817
GROSS COMBINED TOTAL DEBT		$1,129,892,206(2)
NET COMBINED TOTAL DEBT		$1,129,616,288

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, sales tax revenue, mortgage revenue and non-bonded capital lease obligations.

Pension Plans

This caption contains certain information relating to PERS. The information is primarily derived from information produced by PERS, its independent accountants and actuaries. The City has not independently verified the information provided by PERS and makes no representations nor expresses any opinion as to the accuracy of the information provided by PERS.

The comprehensive annual financial reports of PERS are available on its Internet website at www.calpers.ca.gov. The PERS website also contains PERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

The City contributes to PERS, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. All permanent and temporary employees who work more than 1,000 hours are eligible to participate in PERS. Benefits vest after 5 years of service and vary based upon final yearly compensation or final compensation as the highest average annual pensionable compensation earned during a 36month period, as applicable, pension plan, length of service, pension tier, and age at retirement. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to PERS members and beneficiaries and acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. PERS maintains two pension plans (each, a "**PERS Plan**") for the City based on type of employee (i.e., a PERS Plan for "Safety Employees" and a separate PERS Plan for "Miscellaneous Employees"). The City contributes to PERS amounts equal to the recommended rates for the PERS Plans multiplied by the payroll of those employees of the City who are eligible under PERS.

PERS is not obligated in any manner for payment of debt service on the notes or bonds issued under the Trust Agreement, and the assets of PERS are not available for such payment. PERS should be contacted directly at CalPERS, Lincoln Plaza, 400 Q Street Sacramento, California 95811 or (888) 225-7377, www.calpers.ca.gov for other information, including information relating to its financial position and investments.

Actuarial Valuations*.* The staff actuaries at PERS prepare annually an actuarial valuation which covers a fiscal year ending approximately 15 months before the actuarial valuation is prepared. The actuarial valuations express the City's required contribution rates in percentages of payroll, which percentages the City must contribute in the fiscal year immediately following the fiscal year in which the actuarial valuation is prepared. PERS rules require the City to implement the actuary's recommended rates.

In calculating the annual actuarially recommended contribution rates, the PERS actuary calculates on the basis of certain assumptions the actuarial present value of benefits that PERS will fund under the PERS Plans, which include two components, the normal cost and the unfunded actuarial accrued liability (the "**UAAL**"). The normal cost represents the actuarial present value of benefits that PERS will fund under the PERS Plans that are attributed to the current year, and the

UAAL represents the actuarial present value of benefits that PERS will fund that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between assets on deposit at PERS and the present value of the benefits that PERS will pay under the PERS Plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions such as, among others, the rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. The assumed rate of investment return utilized in the actuarial valuation is established by PERS and the City has no ability to predict the assumed rate of return, currently 7.25%, from time to time. In addition, the UAAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAAL may be considered an estimate of the unfunded actuarial present value of the benefits that PERS will fund under the PERS Plans to retirees and active employees upon their retirement and not as a fixed expression of the liability the City owes to PERS under their respective PERS Plans.

***PERS Actuarial Assumptions and Policies**.* In the aftermath of the economic downturn in 2008, the PERS Board has on several occasions adopted policies aimed at properly funding the pension system, while also attempting to lessen the resulting negative impacts on member agencies in the form of higher rates. These policies are used to set employer contribution rates for each city. While investment returns in the years since the economic downturn have largely reversed previous losses, the changes are designed to limit the possibility of the pension system becoming significantly underfunded in the future.

On February 18, 2014, the PERS Board adopted staff recommendations to modify the demographic and mortality assumptions included in PERS' actuarial valuations. The demographic assumptions include adjustments to the retirement, disability, and salary projections that will cause minor increases in contribution rates in the future. Also included were changes to the PERS asset allocation strategy that will reduce the expected volatility of future investment returns and cause minor increases in contribution rates in the future. The significant component of the approved changes is the revision to the mortality assumptions previously employed in the actuarial valuations, which did not take into account prospective increases in life expectancy. The new assumptions project improved mortality over a 20-year period, which results in a significant increase in required employer contribution rates. As was the case with the smoothing and amortization changes approved in 2013, the PERS Board approved a 5-year phase in of the resulting contribution rate increases beginning in fiscal year 2016-17. The City is taking steps to plan for these increases and to incorporate the required additional funding in to future budgets. Further information on this PERS Board action is set form in Circular Letter #200-013-14 (Employer Rate Impact Due to Changes in Actuarial Assumptions), dated March 10, 2014.

Included within the City's June 30, 2017, actuarial valuation report, which sets the contribution rates for fiscal year 2019-20, is a five-year forecast of anticipated contribution rates for the City. This forecast takes into account the impact of the smoothing, amortization, demographic, asset allocation and mortality changes and assumes that PERS earned a 7.25% investment return in fiscal year 2017-18 and earns a 7.25% investment return in every fiscal year thereafter. It also assumes that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur prior to the beginning of fiscal year 2019-20. Beginning with fiscal year 2017-18, PERS has collected employer contributions toward the plan's unfunded liability as dollar amounts instead of the prior method of a contribution rate. This change will address potential funding issues that could arise from a declining payroll or reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to the underfunding of the plans. Although employers will be invoiced at the beginning of the fiscal year for their unfunded liability payment the plan's normal cost contribution will continue to be collected as a percentage of payroll. Over the five-year period from fiscal year 2020-21 through 2024-25, it is projected that the employer Normal Cost for the City's miscellaneous plan and safety plan will remain flat at 13.5% and 22.7% of payroll, respectively, and have an Unfunded Actuarial Liability (UAL) as shown below (amounts expressed in thousands):

	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
Miscellaneous	$24,337	$26,629	$28,245	$28,697	$30,011
Safety	21,635	24,681	27,267	28,730	28,503

The City is taking steps to plan for these increases and to incorporate the required additional funding into future budgets.

On November 18, 2015, the PERS Board adopted a Funding Risk Mitigation Policy that seeks to reduce funding risk over time. It establishes a mechanism whereby PERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return, and strategic asset allocation targets. Reducing the volatility of investment returns is expected to increase the long-term sustainability of PERS pension benefits for members. A lower discount rate could result in a more conservative portfolio, which could require members to increase PERS contributions to offset reduced portfolio returns.

On February 13, 2018, the PERS Board voted to shorten the period over which CalPERS will amortize actuarial gains and losses from 30 years to 20 years for new pension liabilities, effective for the June 30, 2019, actuarial valuations. Amortization payments for all unfunded accrued liability bases will be computed to remain a level dollar amount throughout the amortization period, and certain five-year ramp-up and ramp-down periods will be eliminated. As a result of the shorter amortization period, the contributions required to be made by employers may increase beginning in fiscal year 2020-21.

The PERS Board may consider or approve future measures which could result in increases in the required contribution rates in the future. For complete updated inflation and actuarial assumptions, please contact PERS at the above-referenced address.

***PERS Discount Rate Adjustment**.* On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "**PERS Discount Rate**") from 7.75% to 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over the next three years in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate will go into effect July 1, 2018, for the City. Lowering the PERS Discount Rate likely means employers that contract with PERS to administer their pension plans (such as the City) will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the PEPRA (defined below) will likely also see their contribution rates rise. The three-year reduction of the discount rate to 7.0% is expected to result in average employer rate increases of approximately 1-3% of normal cost as a percent of payroll for most miscellaneous retirement plans and a 2-5% increase for most safety plans.

PEPRA. On September 12, 2012, the California Governor signed AB 340, a bill that enacted the California Public Employees' Pension Reform Act of 2012 ("**PEPRA**") and that also amended various sections of the California Education and Government Codes, including the

County Employees Retirement Law of 1937. Effective January 1, 2013, AB 340: (i) requires public retirement systems and their participating employers to share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying employer-paid member contributions to such retirement systems for employees hired after January 1, 2013; (iii) establishes a compulsory maximum non-safety benefit formula of 2.5% at age 67; (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36-month period; and (v) caps pensionable income at $110,100 ($132,120 for employees not enrolled in Social Security) subject to Consumer Price Index increases. Other provisions reduce the risk of the City incurring additional unfunded liabilities, including prohibiting retroactive benefits increases, generally prohibiting contribution holidays, and prohibiting purchases of additional non-qualified service credit. The City has implemented the requirements of PEPRA for in its tier 3 plans.

For a further discussion of the City's bargaining units, see APPENDIX A—CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION—Employee Relations and Collective Bargaining."

Funding Status*.* The following tables, for the Miscellaneous Plan and Safety Plan, respectively, set forth the market value of the plans' assets, the market value of the plans' assets and funded status as of the valuation dates from June 30, 2012 through June 30, 2017, and the total employer contributions made by the City for fiscal year 2014-15 through fiscal year 2019-20. The two tables are based on PERS Actuarial Reports for those years:

Table 14
HISTORICAL FUNDING STATUS
(Miscellaneous Plan)

Valuation Date June 30	Accrued Liability	Market Value of Assets (MVA)	Unfunded Liability[(1)]	MVA Funded Status	Affects City Contribution Rate for Fiscal Year	Annual Covered Payroll	City Contribution Amount[(2)]	UL as a Percentage of Payroll
2012	$1,046,199,578	$766,804,452	$126,627,922	73.3%	2014-15	$110,037,157	$22,838,012	115.1%
2013	1,086,925,211	847,232,156	239,693,055	77.9	2015-16	110,552,014	25,382,919	216.8
2014	1,180,549,024	972,056,589	208,492,435	82.3	2016-17	110,534,205	27,753,436	188.6
2015	1,228,644,007	969,285,454	259,358,553	78.9	2017-18	111,185,202	30,427,685	233.3
2016	1,277,998,975	949,866,377	328,132,598	74.3	2018-19	113,072,729	34,637,237	290.2
2017	1,317,421,178	1,029,759,135	287,662,043	78.2	2019-20	118,644,799	39,371,750	242.5

(1) Prior to fiscal year 2012-13, unfunded liability was based on the actuarial value of assets. As a result of the PERS Board's adoption of modifications to smoothing and amortization policies, beginning in fiscal year 2012-13 and continuing thereafter, the unfunded liability will be based on the market value of assets. See "—PERS Actuarial Assumptions and Policies."

(2) Amounts are the actuarially required employer contribution amounts from the PERS Annual Valuation Reports rather than the actual amounts contributed by the City. The City's actual contributions differ based on increases or decreases in staffing levels. Differences are accounted for in future actuarially required contribution amounts. The City now has multiple pension tiers, with new employees paying their own contribution to the plan. As a result, prospective trending of actual contribution data would be difficult due to the declining employer-paid member contributions obscuring changes in the employer rates.

Source: PERS Actuarial Reports for June 30, 2012 through June 30, 2017.

Table 15
HISTORICAL FUNDING STATUS
(Safety Plan)

Valuation Date June 30	Accrued Liability	Market Value of Assets (MVA)	Unfunded Liability[1]	MVA Funded Status	Affects City Contribution Rate for Fiscal Year	Annual Covered Payroll	City Contribution Amount[2]	UL as a Percentage of Payroll
2012	$766,405,422	$561,733,859	$92,467,753	73.3%	2014-15	$63,114,831	$20,029,006	146.5%
2013	800,762,531	618,807,277	181,955,254	77.3	2015-16	62,829,727	21,660,507	289.6
2014	875,318,159	710,483,280	164,834,879	81.2	2016-17	62,765,015	23,891,949	262.6
2015	912,387,268	707,597,722	204,789,546	77.6	2017-18	68,722,520	26,004,752	297.9
2016	968,923,917	693,848,703	275,075,214	71.6	2018-19	72,627,842	30,448,377	378.7
2017	1,027,624,656	751,708,228	275,916,428	73.2	2019-20	70,020,030	34,092,845	394.1

(1) Prior to fiscal year 2012-13, unfunded liability was based on the actuarial value of assets. As a result of the PERS Board's adoption of modifications to smoothing and amortization policies, beginning in fiscal year 2012-13 and continuing thereafter, the unfunded liability will be based on the market value of assets. See "—PERS Actuarial Assumptions and Policies."

(2) Amounts are the actuarially required employer contribution amounts from the PERS Annual Valuation Reports rather than the actual amounts contributed by the City. The City's actual contributions differ based on increases or decreases in staffing levels. Differences are accounted for in future actuarially required contribution amounts. The City now has multiple pension tiers, with new employees paying their own contribution to the plan. As a result, prospective trending of actual contribution data would be difficult due to the declining employer-paid member contributions obscuring changes in the employer rates.

Source: PERS Actuarial Reports for June 30, 2012 through June 30, 2017.

Contribution Rates and Pension Tiers*.* The following table shows the minimum percentage of salary that the City was responsible for contributing as the employer rate to PERS from fiscal year 2014-15 through fiscal year 2019-20 to satisfy its retirement funding obligations.

Table 16
SCHEDULE OF MINIMUM EMPLOYER CONTRIBUTION RATES

Valuation Date June 30	Affects Contribution Rate for Fiscal Year	Safety Plan[(1)]	Miscellaneous Plan[(1)]
2012	2014-15	29.041%	18.994%
2013	2015-16	31.549	21.012
2014	2016-17	34.836	22.978
2015	2017-18	37.840	25.044
2016	2018-19	41.924	28.033
2017	2019-20	48.690	30.479

(1) Represents a blended rate for all three tiers of employees.
Source: PERS Actuarial Reports for June 30, 2012, through June 30, 2017.

City employees' contribution rates in pension tiers 1 and 2 are 9% for public safety employees and 8% for miscellaneous employees, calculated as a percentage of their monthly earnings. The City pays the employees' contribution to PERS for both miscellaneous and safety employees in pension tier 1 hired before specific dates as outlined in the following table. For any employee hired on or after those dates, the employee pays their full share. This second tier of pension benefits also included a change in the number of years' salary utilized to compute the retirement benefit and, for certain bargaining units, a change to the formula used to calculate the benefit amount. For tier 3 employees, their contribution is set at 50% of the normal cost, not to exceed 8% for miscellaneous employees and 12% for safety employees, as required by PEPRA.

Cost sharing beyond what is outlined in existing MOUs is not permitted until the expiration of those contracts. All employee bargaining units' MOUs have expired since PEPRA became effective and all of their tier three members are therefore now paying 50% of the normal cost as required by PEPRA.

The following table details the three pension tiers applicable to the City's active employees.

Table 17
PENSION TIERS FOR CITY EMPLOYEES

Pension Plan	Pension Formula	Benefit Calculation[3]	Effective Date – Formula and Benefit Calculation	Effective Date – Employees Paying Employee Share of Contribution
Safety – Fire	Tier 1: 3.0% @ 50	Tier 1: 1 Year	--	January 1, 2019[4]
	Tier 2: 3.0% @ 55	Tier 2: 3 Years	June 11, 2011	June 11, 2011
	Tier 3: 2.7% @ 57	Tier 3: 3 Years	January 1, 2013	January 1, 2013
Safety – Police[1]	Tier 1: 3.0% @ 50	Tier 1: 1 Year	--	January 1, 2018[5]
	Tier 2: 3.0% @ 50	Tier 2: 3 Years	February 17, 2012	February 17, 2012
	Tier 3: 2.7% @ 57	Tier 3: 3 Years	January 1, 2013	January 1, 2013
Miscellaneous	Tier 1: 2.7% @ 55	Tier 1: 1 Year	--	January 1, 2018[6]
	Tier 2: 2.7% @ 55	Tier 2: 3 Years	December 16, 2011	October 19, 2011
	Tier 3: 2.5% @ 67[2]	Tier 3: 3 Years	January 1, 2013	January 1, 2013

(1) The dates shown apply to the Police Officer, Police Pilot, and Police Detective classifications. The Police Sergeants and Riverside Police Administrators Association (ranks of Lieutenant and above) negotiated separately at a subsequent date, but are now also subject to the provisions of the second tier.

(2) The Miscellaneous plan mandated by PEPRA is commonly known as the "2.0% @ 62 Plan", however the maximum benefit that can be earned under the plan is 2.5% at age 67.

(3) The Benefit Calculation refers to the number of years of salary included in the calculation of the amount to which the retirement benefit is applied. In the case of one year, the highest year of salary is utilized. In the case of three years, the highest consecutive three years is utilized.

(4) Beginning January 1, 2019, tier 1 employees will pay for a percentage of PERS costs, which will total 7.0% by 2021.

(5) Beginning January 1, 2018, based on revenue performance of the City, tier 1 employees may pay 1.5% of PERS costs for up to a total of 6.0% through 2021.

(6) SEIU and SEIU Refuse employees currently pay 6.0% of PERS costs, and will increase percentage up to 8.0% by 2021. Beginning January 1, 2018, IBEW and unrepresented employees will begin to contribute 2.0% of PERS costs per year, increasing each year to a total of 8.0% by 2021.

Source: City of Riverside.

Other Post-Employment Benefits

The City contributes to two single-employer defined benefit healthcare plans: a Stipend Plan and the Implied Subsidy Plan. The plans provide other post-employment health care benefits ("**OPEB**") for eligible retirees and beneficiaries.

The Stipend Plan is available to eligible retirees and beneficiaries pursuant to their collective bargaining agreements. The City has historically contributed to seven bargaining units through their associations. These seven associations are responsible for the administration of their individual plans. In concert with the implementation of the City's second pension tier, these contributions by the City ceased for the SEIU, IBEW, and Fire bargaining units. They remained in place for Police bargaining units and were reinstated for the IBEW and Fire bargaining units on May 20, 2014, and July 1, 2014, respectively. As a result of the discontinuation of the Stipend Plan for the majority of the City's employees, this information has not been reported in the Comprehensive Annual Financial Report since fiscal year 2010-11 due to the lack of materiality of the remaining Stipend Plan OPEB costs. The contribution requirements of the City for the

Stipend Plan are established and may be amended through the MOU between the City and the unions. The City's contribution is paid on a "pay-as-you-go-basis," which is currently less than the annual required contribution.

The City also provides benefits to retirees in the form of an implied rate subsidy ("**Implied Subsidy Plan**"). Under an implied rate subsidy, retirees and current employees are insured together as a group, thus creating a lower rate for retirees than if they were insured separately. Although the retirees are solely responsible for the cost of their health insurance benefits through this plan, the retirees are receiving the benefit of a lower rate. The contribution requirements of the City's Implied Subsidy Plan are established by the City Council.

Effective for the fiscal year ended June 30, 2018, the Governmental Accounting Standards Board ("**GASB**") issued its Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement requires a net OPEB liability to now be reported on the balance sheet of the financial statements, similar to the net pension liability. GASB Statement 75 requires that most changes in the net OPEB liability be included in OPEB expense in the period of the change. For the fiscal year ended June 30, 2018, the City's total OPEB expense was $3.436 million. The City's total OPEB liability as of June 30, 2018, was $36.786 million.

Additional information regarding the City's OPEB, including information regarding the assumptions used to determine the OPEB liability and the funding requirement therefor, can be found in Note 15 to the basic financial statements in the City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, which is attached to this Official Statement as Appendix B.

Employee Relations and Collective Bargaining

City employees are represented by nine labor union associations, the principal one being the Service Employees International Union, which represents approximately 37% of City full-time employees. Currently approximately 65% all City employees, including part-time employees, are covered by negotiated agreements. Seventy-four percent of full-time employees are covered by these agreements, which have the following expiration dates:

Table 18
NEGOTIATED EMPLOYEE AGREEMENTS
(As of March 26, 2019)

Bargaining Unit	Contract Expiration Date	Number of Employees
Service Employees International Union (SEIU) – General	6/30/20	786
Riverside Police Officers Association	12/31/21	288
Riverside Police Officers Association – Supervisory	12/31/21	49
Riverside Police Administrators Association	12/31/21	23
International Brotherhood of Electrical Workers	9/30/21	173
International Brotherhood of Electrical Workers - Supervisory	9/30/21	27
Riverside City Firefighters Association	12/31/21	204
Riverside City Fire Management	12/31/21	11
Service Employees International Union (SEIU) – Refuse	6/30/20	33

Source: City of Riverside.

The City has not had an employee work stoppage since 1979.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. Internal service funds have been established to account for and finance the uninsured risks of loss of public liability claims and worker's compensation.

Property insurance coverage has a limit of $1 billion, with a $100,000 deductible. Earthquake and flood insurance currently have a $25 million limit, with a deductible of 5% for earthquake and $100,000 for flood. Workers' compensation insurance coverage has a limit of $25 million with a deductible of $3.0 million per occurrence. As of June 30, 2018, the City carried commercial insurance in the amount of $20 million for general and auto liability claims greater than $3.0 million.

Additional information regarding the City's risk management can be found in Note 7 to the basic financial statements in the City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, which is attached to this Official Statement as Appendix B.

City Investment Policy and Portfolio

The City administers a pooled investment program, except for those funds that are managed separately by trustees appointed under bond indentures. This program enables the City to combine available cash from all funds and to invest cash that exceeds current needs. The most recently revised Investment Policy for the City was adopted on December 15, 2015, by the City Council.

In accordance with the Government Code, the City requires certain collateralization for public deposits in banks and savings and loans, and has long-established safekeeping and custody procedures. The City Treasurer submits a quarterly report to the City Council that contains a statement that the City's portfolio is invested in conformance with state law and the Investment Policy, and that there is sufficient liquidity to meet estimated expenditures.

The City's pooled investment portfolio as of June 30, 2018, had a market value of $668 million. The following table illustrates the investments as of June 30, 2018.

Table 19
INVESTMENT PORTFOLIO
(As of June 30, 2018)[1]

Type	Market Value	Cost Basis	% of Portfolio[2]
Certificates of Deposit	$7,393,663	$7,441,804	1.11%
Local Agency Investment Fund (LAIF)	129,365,797	129,608,570	19.38
Money Market Accounts	185,851,194	185,898,151	27.84
Medium Term Notes	35,839,220	35,893,398	5.37
U.S. Government Agency Securities	7,938,080	7,936,209	1.19
U.S. Treasury Notes/Bonds	301,171,687	306,456,411	45.12
Total	$667,559,641	$673,234,543	100.00%

(1) Excludes investments held with a fiscal agent.
(2) Calculated using market value basis.
Source: City of Riverside.

As of June 30, 2018, the average life of the City's investment portfolio was 1.04 years and the average yield on cost was 1.722%.

Effective Buying Income

"**Effective Buying Income**" is defined as personal income less personal tax and nontax payments, a number often referred to as "**disposable**" or "**after-tax**" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2013 through 2017.

Table 20
CITY OF RIVERSIDE, RIVERSIDE COUNTY, STATE OF CALIFORNIA AND UNITED STATES
EFFECTIVE BUYING INCOME
(For Calendar Years 2013 Through 2017)

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2013	City of Riverside	$5,109,313	$43,916
	Riverside County	40,293,518	44,784
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Riverside	$5,265,573	$44,724
	Riverside County	41,199,300	45,576
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	City of Riverside	$5,877,205	$47,791
	Riverside County	45,407,058	48,674
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	City of Riverside	$6,044,091	$49,179
	Riverside County	47,509,909	50,287
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2017	City of Riverside	$6,556,518	$53,659
	Riverside County	51,784,973	54,014
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735

Source: The Nielsen Company (US), Inc.

Education

The City is included within the boundaries of the Riverside Unified School District and the Alvord Unified School District, which also serves the County area southwest of the City. These two districts include 65 elementary and middle schools and high schools. There are also about 48 private or parochial schools for kindergarten through twelfth grade. Higher education is available at four institutions within the City: Riverside Community College, University of California at Riverside, California Baptist University and La Sierra University at Riverside. Also located in the City are the California School for the Deaf and the Sherman Indian High School, a federally-run school for Native Americans.

Employment

The City is included in the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA). The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 4.5 percent in

August 2018, down from a revised 4.6 percent in July 2018. This compares with an unadjusted unemployment rate of 4.3 percent for California and 3.9 percent for the nation during the same period. The unemployment rate was 4.7 percent in Riverside County, and 4.2 percent in San Bernardino County.

The following table shows the average annual estimated numbers of wage and salary workers by industry. The table does not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

Table 21
RIVERSIDE-SAN BERNARDINO PRIMARY MSA
CIVILIAN LABOR FORCE EMPLOYMENT AND UNEMPLOYMENT (ANNUAL AVERAGES)
(For Calendar Years 2013 Through 2017)

	2013	2014	2015	2016	2017
Civilian Labor Force[(1)]	1,893,100	1,921,000	1,956,900	1,984,900	2,022,100
Employment	1,706,800	1,765,300	1,828,200	1,866,600	1,918,600
Unemployment	186,300	155,700	128,600	118,300	103,600
Unemployment Rate	9.8%	8.1%	6.6%	6.0%	5.1%
Wage and Salary Employment:[(2)]					
Agriculture	14,500	14,400	14,800	14,600	14,400
Mining and Logging	71,200	78,900	86,900	92,900	98,000
Construction	87,300	91,300	96,100	98,600	98,700
Manufacturing	56,400	58,900	61,600	62,800	63,700
Wholesale Trade	164,800	169,400	174,300	178,000	182,100
Retail Trade	78,500	86,600	97,400	107,300	120,200
Transportation, Warehousing and Utilities	11,500	11,300	11,400	11,500	11,300
Information	26,200	26,600	26,900	26,700	26,200
Finance and Insurance	15,600	16,300	17,000	17,900	18,200
Real Estate and Rental and Leasing	131,900	138,700	147,400	145,000	147,200
Professional and Business Services	187,600	194,800	205,100	214,300	224,800
Educational and Health Services	135,900	144,800	151,700	160,200	165,700
Leisure and Hospitality	41,100	43,000	44,000	44,600	45,600
Other Services	20,300	20,200	20,300	20,400	20,600
Federal Government	27,800	28,200	28,700	29,700	30,700
State Government	177,100	180,400	184,400	192,200	198,600
Local Government	1,247,800	1,303,700	1,367,900	1,416,600	1,466,000
Total All Industries	1,893,100	1,921,000	1,956,900	1,984,900	2,022,100

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
Source: State of California Employment Development Department.

The table below shows the 10 largest employers in the City.

Table 22
CITY OF RIVERSIDE
LARGEST EMPLOYERS
(As of June 30, 2018)

Employer	Number of Employees	% of Total City-wide Employment
County of Riverside	11,865	8.1%
University of California	8,686	6.0
Riverside Unified School District	4,000	2.7
Kaiser	3,484	2.4
City of Riverside	2,504	1.7
California Baptist University	2,285	1.6
Riverside Community Hospital	2,200	1.5
Alvord Unified School District	1,800	1.2
UTC Aerospace Systems	1,200	0.8
Parkview Community Hospital	897	0.6
Total	38,921	26.6%

Source: City of Riverside (as presented in the City's 2018 Comprehensive Annual Financial Report).

The 25 largest employers in the County, listed in alphabetical order, are shown below.

Table 23
COUNTY OF RIVERSIDE
LARGEST EMPLOYERS
(As of July 1, 2018)

Employer Name	Location	Industry
Abbott Vascular, Inc.	Temecula	Physicians. Surgeons Equipment and Supplies (whls)
Amazon Fulfillment Ctr	Moreno Valley	Distribution Centers (whls)
Corrections Dept	Norco	Government Offices-State
Desert Regional Medical Ctr	Palm Springs	Hospitals
Eisenhower Health	Rancho Mirage	Hospitals
Fantasy Springs Resort Casino	Indio	Casinos
Handsome Rewards	Perris	Internet & Catalog Shopping
Hemet Valley Medical Ctr	Hemet	Hospitals
Indio Bingo Palace & Casino	Indio	Resorts
Kleinfelder Construction Svc	Riverside	Engineers-Structural
La Quinta Golf Course	La Quinta	Golf Courses
Pechanga Resort & Casino	Temecula	Casinos
Riverside Community Hospital	Riverside	Hospitals
Riverside University Health	Moreno Valley	Hospitals
Robertsons	Corona	Concrete-Ready Mixed
Southwest Healthcare System	Murrieta	Hospitals
Starcrest of California	Perris	Internet & Catalog Shopping
Starcrest Products	Perris	Gift Shops
Sun World Intl LLC	Coachella	Fruits & Vegetables-Wholesale
Universal Protection Svc	Palm Desert	Security Guard & Patrol Service
US Air Force Dept	March Arb	Military Bases
Wachter Inc	Riverside	Electric Contractors

Source: California Employment Development Dept., America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.

Construction Activity

The following table provides a summary of residential building permit valuations and nonresidential building permit valuations, and the total number of all building permit valuations in the City during the past five years for which information is available.

Table 24
CITY OF RIVERSIDE
BUILDING PERMIT ACTIVITY
For Calendar Years 2013 Through 2017
(Valuation in Thousands of Dollars)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$ 50,863	$ 61,311	$ 53,858	$ 48,459	$ 46,666
New Multi-family	19,861	9,418	41,207	19,428	53,944
Res. Alterations/Additions	8,710	10,291	11,870	12,335	19,471
Total Residential	$ 79,434	$ 81,020	$ 106,935	$ 80,222	$120,080
New Commercial/Industrial	$ 41,505	$ 14,206	$ 19,856	$ 23,804	$ 97,799
New Other	11,677	2,914	11,334	78,523	14,861
Com. Alterations/Additions	74,249	45,548	51,812	67,779	49,539
Total Nonresidential	$127,433	$ 62,668	$ 83,002	$170,106	$162,198
New Dwelling Units					
Single Family	200	144	223	219	172
Multiple Family	219	155	411	254	535
TOTAL	419	299	634	473	707

Source: City of Riverside Community Development Department.

Transportation

The City is served by a variety of land and air transportation facilities. Light rail commuter service is provided by Metrolink to Los Angeles and Orange Counties. Interstate bus service is available via Greyhound, and local bus service is provided by the Riverside Transit Agency. Most major trucking firms serve the City in addition to numerous local carriers. Overnight delivery can be scheduled to San Francisco, Los Angeles, San Diego and Sacramento.

Freight rail service to the City is provided by two major transcontinental railroads: the Santa Fe and Union Pacific. Amtrak-operated passenger train service is available at San Bernardino, approximately 15 miles north of the City.

Scheduled air transportation is available from the Ontario International Airport, approximately 18 miles to the west. The City-operated Riverside Municipal Airport is a general aviation facility.

The City is served by the Riverside Freeway (State Route 91), which provides access to Orange County; Interstate 215, which connects the City to San Diego, San Bernardino and points beyond; and the Pomona Freeway (U.S. Highway 60), an east-west route.

To support transportation improvements, in November 1988 Riverside County voters approved Measure A, a one-half cent sales tax increase. Measure A was to expire in 2009, but in 2002, Riverside County voters approved extending Measure A until 2039. Measure A is expected to generate $4.6 billion between 2009 and 2039. In 1990, voters of the adjacent San Bernardino County approved a similar program, and that sales tax was similarly increased by a vote of the electorate in November 2003.