NEW ISSUE — BOOK-ENTRY ONLY

Rating:
S&P: "AA-"
See "RATING"

In the opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Series 2024A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2024A Bonds is exempt from State of California personal income tax. See the caption "TAX MATTERS" with respect to tax consequences relating to the Series 2024A Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

$19,500,000
RIVERSIDE PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2024A

Dated: Date of Delivery **Due: November 1, as shown on inside cover**

The captioned bonds (the "Series 2024A Bonds") are issued by the Riverside Public Financing Authority (the "Authority") and are payable from base rental payments (the "Base Rental Payments") to be made by the City of Riverside (the "City') for the right to the use of certain real property and improvements of the City (the "Property") pursuant to a Lease Agreement, dated as of August 1, 2012, as supplemented by a First Supplement to Lease Agreement, dated as of June 1, 2019 and a Second Supplement to Lease Agreement, dated as of October 1, 2024 (collectively, the "Lease Agreement"), each by and between the City, as lessee, and the Authority, as lessor. See "SECURITY FOR THE SERIES 2024A BONDS." The Series 2024A Bonds will be issued pursuant to an Indenture, dated as of August 1, 2012, as supplemented by a First Supplemental Indenture, dated as of June 1, 2019, and a Second Supplemental Indenture, dated as of October 1, 2024 (collectively, the "Indenture"), each by and among the City, the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The net proceeds of the sale of the Series 2024A Bonds will be used to: (i) refund the Authority's outstanding Lease Revenue Refunding Bonds, Series 2012A, and (ii) pay the costs of issuing the Series 2024A Bonds. See "FINANCING PLAN."

The City has covenanted under the Lease Agreement to make all scheduled Base Rental Payments, to include all such payments as a separate line item in its annual budgets, and to make all the necessary annual appropriations for such Base Rental Payments. The City's obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defects in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property. See "RISK FACTORS—Abatement."

The Series 2024A Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on the Series 2024A Bonds is payable semiannually on May 1 and November 1 of each year, commencing May 1, 2025. Purchasers will not receive certificates representing their interest in the Series 2024A Bonds. Individual purchases will be in principal amounts of $5,000 or integral multiples thereof. Principal of and interest and premium, if any, on the Series 2024A Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the Series 2024A Bonds. See "THE SERIES 2024A BONDS—Book-Entry Only System."

The Series 2024A Bonds are being issued on a parity basis with the Authority's Lease Revenue Bonds (Main Library Project), Series 2019B ("Series 2019B Bonds"), issued in the initial aggregate principal amount of $33,505,000 and currently outstanding in the aggregate principal amount of $26,075,000. The Authority may issue additional bonds ("Additional Bonds") payable from Base Rental Payments. See "THE SERIES 2024A Bonds — Additional Bonds." The Series 2019B Bonds, Series 2024A Bonds and any Additional Bonds are collectively referred to as the "Bonds."

The Series 2024A Bonds are subject to redemption prior to maturity as described in this Official Statement. See "THE SERIES 2024A BONDS—Redemption."

The Series 2024A Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Series 2024A Bonds. The Authority has no taxing power.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series 2024A Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their validity by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney and Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Disclosure Counsel. Anzel Galvan LLP is acting as counsel to the Underwriter. It is anticipated that the Series 2024A Bonds in definitive form will be available for delivery to DTC in New York, New York on or about October 17, 2024.

STIFEL

Dated: September 25, 2024

$19,500,000
RIVERSIDE PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2024A

MATURITY SCHEDULE
BASE CUSIP†: 76926C

Maturity Date (November 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP†*
2025	$1,725,000	5.000%	2.460%	102.588	BX1
2026	1,865,000	5.000	2.220	105.510	BY9
2027	1,960,000	5.000	2.180	108.247	BZ6
2028	2,060,000	5.000	2.200	110.763	CA0
2029	2,165,000	5.000	2.210	113.234	CB8
2030	2,260,000	5.000	2.290	115.202	CC6
2031	2,370,000	5.000	2.400	116.745	CD4
2032	2,485,000	5.000	2.500	118.103	CE2
2033	2,610,000	5.000	2.570	119.487	CF9

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the City nor the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the City or the Authority to give any information or to make any representations in connection with the offer or sale of the Series 2024A Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2024A Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Series 2024A Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement and the information contained in this Official Statement are subject to completion or amendment without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority or any other parties described in this Official Statement since the date hereof. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Series 2024A Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," "intend" or similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption "RISK FACTORS" and "APPENDIX A — CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2024A BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2024A BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE SERIES 2024A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The City maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2024A Bonds.

CITY OF RIVERSIDE, CALIFORNIA

CITY COUNCIL

Patricia Lock Dawson, Mayor
Philip Falcone, Councilmember, Ward 1
Clarissa Cervantes, Councilmember, Ward 2
Steven Robillard, Councilmember, Ward 3
Chuck Conder, Councilmember, Ward 4
Sean Mill, Councilmember, Ward 5
Jim Perry, Councilmember, Ward 6
Steve Hemenway, Councilmember, Ward 7

CITY STAFF

Mike Futrell, City Manager
Edward Enriquez, Assistant City Manager/Chief Financial Officer/Treasurer
Donesia Gause, City Clerk
Phaedra A. Norton, City Attorney

SPECIAL SERVICES

Bond and Disclosure Counsel
Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Municipal Advisor
CSG Advisors Incorporated
San Francisco, California

Trustee
U.S. Bank Trust Company, National Association,
Los Angeles, California

TABLE OF CONTENTS

OFFICIAL STATEMENT

$19,500,000
RIVERSIDE PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2024A

INTRODUCTION

This Official Statement, which includes the cover page and Appendices (the "Official Statement"), provides certain information concerning the above-captioned bonds (the "Series 2024A Bonds") issued by the Riverside Public Financing Authority (the "Authority").

Series 2024A Bonds

The Series 2024A Bonds will be issued pursuant to an Indenture, dated as of August 1, 2012, as supplemented by a First Supplemental Indenture, dated as of June 1, 2019, and a Second Supplemental Indenture, dated as of October 1, 2024 (collectively, the "Indenture"), each by and among the Authority, the City of Riverside (the "City") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The Series 2024A Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on the Series 2024A Bonds is payable semiannually on May 1 and November 1 of each year, commencing May 1, 2025.

Purchasers will not receive certificates representing their interest in the Series 2024A Bonds. Individual purchases will be in principal amounts of $5,000 or integral multiples thereof. Principal of and interest on the Series 2024A Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the Series 2024A Bonds. See "THE SERIES 2024A BONDS—Book-Entry Only System."

Redemption Prior to Maturity

The Series 2024A Bonds are subject to redemption prior to maturity as described in this Official Statement. See "THE SERIES 2024A BONDS—Redemption."

Financing Purpose

The net proceeds of the sale of the Series 2024A Bonds will be used to: (i) refund the Authority's outstanding Lease Revenue Refunding Bonds, Series 2012A (the "Series 2012A Bonds"), and (ii) pay the costs of issuing the Series 2024A Bonds.

Security for the Series 2024A Bonds; Base Rental Payments

The Series 2024A Bonds are equally and ratably payable from base rental payments (the "Base Rental Payments") to be made by the City for the right to use certain real property and improvements (the "Property") pursuant to a Lease Agreement dated as of August 1, 2012, as supplemented by a First Supplement to Lease Agreement, dated as of June 1, 2019, and a Second Supplemental to Lease Agreement, dated as of October 1, 2024 (collectively, the "Lease Agreement"), each between the City, as lessee, and the Authority, as lessor.

Pursuant to a Ground Lease, dated as of August 1, 2012, as supplemented by a First Supplement to Ground Lease, dated as of June 1, 2019, and a Second Supplement to Ground Lease, dated as of October 1, 2024 (collectively, the "Ground Lease"), the City has leased the Property to the Authority. The Authority has subleased the Property to the City under the Lease Agreement. The Lease Agreement obligates the City to make Base Rental Payments to the Authority.

The Trustee and the Authority have entered into an Assignment Agreement, dated as of August 1, 2012, as supplemented by a First Supplement to Assignment Agreement, dated as of June 1, 2019, and a Second Supplement to Assignment Agreement, dated as of October 1, 2024 (collectively, the "Assignment Agreement"), pursuant to which the Authority has assigned to the Trustee for the benefit of the Bond Owners substantially all of the Authority's right, title and interest in and to the Ground Lease and the Lease Agreement, including its right to receive the Base Rental Payments due under the Lease Agreement and to enforce any remedies in the event of a default by the City.

The City covenants under the Lease Agreement to take such action as may be necessary to include all Rental Payments, which are comprised of Base Rental Payments and Additional Rental Payments (which include taxes and assessments affecting the Property, administrative costs of the Authority relating to the Property, fees and expenses of the Trustee and other amounts payable under the Lease Agreement), due under the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor, subject to abatement as described in this Official Statement.

Base Rental Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City's right to use and occupy the Property or any portion thereof. See "RISK FACTORS—Abatement." Abatement of Base Rental Payments under the Lease Agreement, to the extent payment is not made from alternative sources as set forth below, would result in all Bond Owners receiving less than the full amount of principal of and interest on the Bonds. To the extent proceeds of insurance are available, Base Rental Payments (or a portion thereof) may be made during periods of abatement.

Limited Obligation

THE SERIES 2024A BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM BASE RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2024A BONDS. THE AUTHORITY HAS NO TAXING POWER.

THE OBLIGATION OF THE CITY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

No Debt Service Reserve Fund

The Authority is not funding a debt service reserve fund for the Series 2024A Bonds. See "RISK FACTORS — No Reserve Fund."

Additional Bonds

The Series 2024A Bonds are being issued on a parity basis with the Authority's Lease Revenue Refunding Bonds, Series 2019B, issued in the initial aggregate principal amount of $33,505,000 and currently outstanding in the aggregate principal amount of $26,075,000 (the "Series 2019B Bonds"). The Authority may issue additional bonds (the "Additional Bonds") payable from the Base Rental Payments on a parity basis with the Series 2024A Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Additional Bonds." The Series 2019B Bonds, Series 2024A Bonds and any Additional Bonds issued in the future are collectively referred to in this Official Statement as the "Bonds." In connection with the approval of the issuance of the Series 2024A Bonds on September 17, 2024, the City Council approved the issuance of a series of Additional Bonds to finance the Museum Project (as defined herein). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Additional Bonds" herein. The City can make no assurances whether or not such Additional Bonds will be issued, the amount of such Additional Bonds or the timing of the issuance of such Additional Bonds.

Financial Statements

The City's financial statements for the fiscal year ended June 30, 2023, are included as Appendix C and have been audited by Lance, Soll & Lunghard, LLP, Brea, California, independent certified public accountants (the "Auditor"). See "APPENDIX C — AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2023."

Continuing Disclosure

The City has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") certain annual financial information and operating data and, in a timely manner, notice of certain listed events. See "CONTINUING DISCLOSURE."

Certain Risk Factors

Certain events could affect the ability of the City to make the Base Rental Payments when due. Additionally, as provided in the Lease Agreement, during any period in which by reason of material damage to, or destruction or condemnation of, the Property or any defect in title to the Property, there is substantial interference with the City's right to use and occupancy of the Property, Rental Payments may be subject to proportional abatement. See "RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth in this Official Statement, in evaluating an investment in the Series 2024A Bonds.

Forward-Looking Statements

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and, except for the budget discussions for Fiscal Years 2023-24, 2024-25 and 2025-26, is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

Official Statement is a Summary

The summaries or references to the Indenture, the Lease Agreement, the Ground Lease, the Assignment Agreement and other documents, agreements and statutes referred to in this Official Statement, and the description of the Series 2024A Bonds included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to each such document or statute. All capitalized terms used in this Official Statement (unless otherwise defined in this Official Statement) are defined in the Indenture or the Lease Agreement and have the meanings set forth therein. See "APPENDIX B — Summary of the Principal Legal Documents."

THE SERIES 2024A BONDS

General

The Series 2024A Bonds will be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. The Series 2024A Bonds will be dated as of and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from the dated date thereof at the rates set forth on the inside cover page. Interest on the Series 2024A Bonds will be paid semiannually on May 1 and November 1 (each, an "Interest Payment Date") of each year, commencing May 1, 2025.

Interest on the Series 2024A Bonds will be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2024A Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date, (ii) a Series 2024A Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the dated date thereof, or (iii) interest on any Series 2024A Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest will be paid in lawful money of the United States on each Interest Payment Date to the Persons in whose names the ownership of the Series 2024A Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Series 2024A Bond Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date.

The principal and premium, if any, of the Series 2024A Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee. The Series 2024A Bonds will be subject to redemption as set forth in this Official Statement.

Registration, Transfers and Exchanges

The Series 2024A Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Series 2024A Bonds (the "Beneficial Owners") in denominations of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in Appendix F) as described in this Official Statement. Beneficial Owners will not be entitled to receive physical delivery of the Series 2024A Bonds. See "THE SERIES 2024A BONDS—Book-Entry Only System."

Redemption

Extraordinary Redemption from Condemnation Award or Insurance Proceeds. The Series 2024A Bonds shall be subject to redemption, in whole or in part, on any date, in Authorized Denominations, from and to the extent of any Net Insurance Proceeds received with respect to all or a portion of the Property, deposited by the Trustee in the Redemption Fund pursuant to the Indenture, at a Redemption Price equal to the principal amount of the Series 2024A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

No Optional Redemption. The Series 2024A Bonds are not subject to optional redemption prior to their stated maturity.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee will select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds, among maturities of Bonds as directed in a Written Request of the Authority, (b) with respect to any redemption from and to the extent of any insurance proceeds or condemnation award received with respect to all or a portion of the Property and the corresponding provision of any Supplemental Indenture pursuant to which Additional Bonds are issued, among maturities of all Series of Bonds on a pro rata basis as nearly as practicable, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion will deem appropriate and fair. For purposes of such selection, all Bonds will be deemed to be comprised of separate $5,000 denominations, and such separate denominations will be treated as separate Bonds that may be separately redeemed.

Notice of Redemption. So long as the Bonds are held in book-entry form, notices of redemption will be mailed by the Trustee only to DTC and not to any Beneficial Owners. The Trustee on behalf and at the expense of the Authority will mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least 20 but not more than 60 days prior to the date fixed for redemption. Such notice will state the date of the notice, the redemption date, the redemption place and the Redemption Price and will designate the CUSIP numbers, the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered at the principal corporate trust office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption.

A redemption notice may state that the redemption is conditioned upon sufficient funds being on deposit on the redemption date to redeem the Bonds so called for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, will affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series in authorized denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

Effect of Notice of Redemption. If a redemption notice has been mailed, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, have been set aside in the Redemption Fund, the Bonds will become due and payable on the redemption date, and, upon presentation and surrender of a Bond at the principal corporate trust office of the Trustee, the Authority will pay the Redemption Price of the Bond, together with interest accrued and unpaid to said date.

If, on the date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, will be held by the Trustee so as to be available therefor on such date, and, if a notice of redemption has been mailed and not canceled, then, from and after said date, interest on the Bonds to be redeemed will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon.

Book-Entry Only System

General. DTC will act as securities depository for the Series 2024A Bonds. The Series 2024A Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 2024A Bond will be issued for each maturity of the Series 2024A Bonds, each in the initial aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX F — Book-Entry Only System."

Transfer and Exchange of Bonds. The following provisions regarding the exchange and transfer of the Series 2024A Bonds apply only during any period in which the Series 2024A Bonds are not subject to DTC's book- entry system. While the Series 2024A Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC.

Any Bond may, in accordance with its terms, be transferred upon the books required to be kept by the Trustee pursuant to the provisions of the Indenture by the Person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds will be surrendered for transfer, the Authority will execute and the Trustee will authenticate and will deliver a new Bond or Bonds of the same Series in a like aggregate principal amount, in any Authorized Denomination. The Trustee will require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of the same Series of other authorized denominations. The Trustee will require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee will not be obligated to make any transfer or exchange of Bonds of a Series during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS

Pledge of Revenues

The Series 2024A Bonds are equally and ratably payable from and secured by Base Rental Payments and certain amounts on deposit in the funds and accounts established under the Indenture. Base Rental Payments will be paid by the City from any and all legally available funds. See APPENDIX A — CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION" and "RISK FACTORS." The City has covenanted in the Lease Agreement to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor.

The Authority, pursuant to the Assignment Agreement, has assigned to the Trustee for the benefit of the Series 2024A Bond Owners all of the Authority's right, title and interest in and to the Ground Lease and the Lease Agreement, including, without limitation, its right to receive Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement; provided that, the Authority retains the rights to indemnification, to give approvals and consents under the Lease Agreement, and to payment of reimbursement of its reasonable costs and expenses under the Lease Agreement. The City pays Base Rental Payments directly to the Trustee, as assignee of the Authority. See "—Base Rental Payments" below. Pursuant to the Indenture, the Authority may issue Additional Bonds payable from the Base Rental Payments on a parity with the Series 2024A Bonds. See "APPENDIX B — Summary of the Principal Legal Documents."

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Series 2024A Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund are pledged by the Authority pursuant to the Indenture to secure the payment of the principal of, premium, if any, and interest on the Series 2024A Bonds and the Series 2019B Bonds and any Additional Bonds issued in the future, on a parity basis, in accordance with their terms, the provisions of the Indenture and the Act. Said pledge constitutes a first lien on such assets.

THE SERIES 2024A BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM BASE RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2024A BONDS. THE AUTHORITY HAS NO TAXING POWER.

Additional Bonds

General. The Series 2024A Bonds are being issued on a parity basis with the Series 2019B Bonds. The Authority may issue additional bonds ("Additional Bonds") payable from Base Rental Payments on a parity basis with the Bonds upon satisfaction of certain conditions, including, but not limited to, the following:

(a) The Authority is in compliance with all agreements, conditions, covenants and terms contained in the Indenture, in the Lease Agreement and in the Ground Lease required to be observed or performed by it;

(b) The City is in compliance with all agreements, conditions, covenants and terms contained in the Indenture, in the Lease Agreement and in the Ground Lease required to be observed or performed by it; and

(c) The Ground Lease is amended, to the extent necessary, and the Lease Agreement is amended so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds, payable at such times and in such manner as may be necessary to provide for the payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment shall be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period is in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith (evidence of the satisfaction of such condition will be made by a Written Certificate of the City).

Nothing contained in the Indenture limits the issuance of any bonds or other obligations payable from Base Rental Payments if, after the issuance and delivery of such bonds or other obligations, none of the Bonds theretofore issued under the Indenture will be Outstanding.

See "APPENDIX B — Summary of the Principal Legal Documents" for a summary of the conditions and procedures for issuance of Additional Bonds.

The Museum Project. On September 17, 2024, the City and the Authority authorized the issuance of bonds in the aggregate principal amount of $73,000,000, in one or more series, for the purpose of refunding the Series 2012A Bonds and financing renovations to the main building of the City-owned Museum of Riverside, which is located in downtown Riverside (the "Museum Project").

The City expects to issue a series of Additional Bonds to finance the cost of the Museum Project (including a 10%-contingency, design fees, project management costs, and furniture, fixtures and equipment), which is currently estimated at approximately $45 million. In addition to proceeds of a potential series of Additional Bonds, the City anticipates using Measure Z funds and grants to fund construction. The City currently anticipates receiving and awarding bids for the construction of the Museum Project in late calendar year 2024 or early 2025, and currently expects that the potential series of Additional Bonds to finance the Museum Project would be issued within Fiscal Year 2024-25. However, there can be no assurance as to whether the Authority will issue the Additional Bonds, the timing of the issuance of such series of Additional Bonds or the timing or cost of construction of the Museum Project. See "APPENDIX A — CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION" for information regarding the City's Measure Z revenues.

Base Rental Payments

General. Rental Payments, including Base Rental Payments, will be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid. Each Base Rental Payment will be deposited with the Trustee no later than the 15th day of the month next preceding each Interest Payment Date (the "Base Rental Deposit Date"). All Base Rental Payments will be paid directly by the City to the Trustee, and if received by the Authority at any time will be transferred by the Authority to the Trustee within one Business Day after the receipt thereof. All Base Rental Payments received by the Trustee will be deposited by the Trustee in the Base Rental Payment Fund.

Pursuant to the Indenture, on the Business Day immediately preceding each Interest Payment Date and on the Business Day immediately preceding each November 1 for so long as the Series 2024A Bonds are Outstanding, the Trustee will transfer amounts in the Base Rental Payment Fund as are necessary to the Interest Fund and the Principal Fund to provide for the payment of the interest on and principal of the Series 2024A Bonds on the applicable Interest Payment Date.

Base Rental Payment Schedule. Scheduled Base Rental Payments relating to the Series 2024A Bonds are set forth below under the heading "FINANCING PLAN — Base Rental Payment Schedule."

Covenant to Budget and Appropriate. The City covenants in the Lease Agreement to take such action as may be necessary to include all Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The City covenants to deliver to the Authority and the Trustee a Certificate of the City stating that its final annual budget includes all Base Rental Payments due in such fiscal year within 10 days after the filing or adoption of the final annual budget. The Lease Agreement declares that these covenants are and shall be construed to be duties imposed by law and that it is the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the City's covenants and agreements under the Lease Agreement. See, however, "—Abatement" below.

Limited Obligation. THE OBLIGATION OF THE CITY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Additional Rental Payments

For the right to use and occupy the Property, the Lease Agreement requires the City to pay, as Additional Rental Payments, such amounts as will be required for the payment of the following:

(i) All taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein.

(ii) All reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees.

(iii) Insurance premiums for all insurance required pursuant to the Lease Agreement.

(iv) Any amounts with respect to the Lease Agreement or the Bonds required to be rebated to the federal government in accordance with section 148(f) of the Internal Revenue Code of 1986.

(v) All other payments required to be paid by the City under the provisions of the Lease Agreement or the Indenture.

Amounts constituting Additional Rental Payments payable under the Lease Agreement will be paid by the City directly to the person or persons to whom such amounts will be payable. The City will pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Abatement

Base Rental Payments and Additional Rental Payments are paid by the City in each Rental Period for and in consideration of the right to use and occupy the Property. Except as otherwise specifically provided in the Lease Agreement, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property, Rental Payments will be subject to abatement proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement will continue in full force and effect. The amount of such abatement will be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period will not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. Any such abatement will continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; and the term of the Lease Agreement will be extended as provided in the Lease Agreement, except that the term will in no event be extended ten years beyond the stated termination date of the Lease Agreement. The Trustee cannot terminate the Lease Agreement in the event of such substantial interference. Abatement of Base Rental Payments and Additional Rental Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the City. See "APPENDIX B — Summary of the Principal Legal Documents."

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments due under the Lease Agreement in any of the funds and accounts established under the Indenture (including as a result of the availability of insurance proceeds), such Rental Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from said funds and accounts.

Substitution, Addition and Removal of Property

The Authority and the City may amend the Lease Agreement to substitute alternate real property for any portion of the Property, add additional real property to the Property or to release a portion of the Property from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement and described below. After a substitution or release, the portion of the Property for which the substitution or release has been effected will be released from the leasehold encumbrance of the Lease Agreement.

The Lease Agreement provides that there will be no reduction in or abatement of the Base Rental Payments due from the City as a result of such substitution, release or addition. Any such substitution, release, or addition, will be subject to the following specific conditions precedent:

(a) A Written Certificate of the City to the effect that the Property, as constituted after such substitution, release or addition, (i) has an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, and (ii) has a useful life in excess of the final maturity of any Outstanding Bonds.

(b) With respect to any substituted or added property, the City will have obtained or caused to be obtained a CLTA or ALTA title insurance policy or policies with respect to the Property (as such term is defined after such substitution or addition) in an amount at least equal to the aggregate principal amount of any Outstanding Bonds, of the type and with the endorsements described in the Lease Agreement.

(c) The City, the Authority and the Trustee will have executed, and the City will have caused to be recorded with the Riverside County Recorder, any document necessary to reconvey to the City the portion of the Property being released and to include any substituted or added real property in the description of the Property contained in the Lease Agreement and in the Ground Lease.

(d) The City will have provided notice of such release, substitution or addition to each rating agency then rating the Bonds.

See "APPENDIX B — Summary of the Principal Legal Documents" for additional details related to substitution, addition and release of Property.

Action on Default

Should the City default under the Lease Agreement, the Trustee, as assignee of the Authority under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the City, or may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis, and will have the right to re-enter and re-let the Property. In the event such re-letting occurs, the City would be liable for any resulting deficiency in Base Rental Payments. Rental Payments may not be accelerated upon a default under the Lease Agreement. See "RISK FACTORS—Limited Recourse on Default; No Acceleration of Base Rental."

For purposes of certain actions of Series 2024A Bond Owners under the Indenture and the Lease Agreement, such as certain consents and amendments and the direction of remedies following default, Series 2024A Bond Owners do not act alone and may not control such matters to the extent such matters are not supported by the requisite number of the Owners of all Bonds and Additional Bonds, if any.

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Lease Agreement and the Indenture, see "APPENDIX B — Summary of the Principal Legal Documents."

No Reserve Fund

The Authority has not funded a reserve fund in connection with the issuance of the Series 2024A Bonds.

Insurance

The Lease Agreement requires the City to maintain or cause to be maintained, throughout the term of the Lease Agreement, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents, and employees, and worker's compensation insurance as described in "APPENDIX B — Summary of the Principal Legal Documents." The Lease Agreement also requires the City to maintain or caused to be maintained fire, lightning and special extended coverage insurance (which will include coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Property in an amount equal to the greater of 100% of the replacement cost of such improvements or 100% of the outstanding principal amount of the Bonds. Each such policy of insurance will contain a standard replacement cost endorsement providing for no deduction for depreciation and a stipulated amount endorsement. All insurance required to be maintained pursuant to the Lease Agreement may be subject to a deductible in an amount not to exceed $500,000.

The Lease Agreement requires the City to maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards covered by the casualty insurance described in the preceding paragraph, in an amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period. The City is not permitted to self-insure its obligation to maintain rental interruption insurance.

The City is required under the Lease Agreement to provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Series 2024A Bonds, insuring the fee interest of the City in the Property, the Authority's leasehold estate in the Property under the Ground Lease, and the City's subleasehold estate in the Property under the Lease Agreement, subject only to Permitted Encumbrances, and providing that all proceeds thereunder are payable to the Trustee for the benefit of the Owners.

The City's obligation to maintain the insurance described above (except for rental interruption insurance) may be satisfied by self-insurance, provided such self-insurance complies with the requirements of the Lease Agreement. See "APPENDIX B — Summary of the Principal Legal Documents."

FINANCING PLAN

The Refunding Plan

General. The net proceeds of the sale of the Series 2024A Bonds will be used to: (i) refund the Authority's outstanding Series 2012A Bonds, and (ii) pay the costs of issuing the Series 2024A Bonds.

Pursuant to the Indenture, the Authority will deliver a portion of the proceeds of the Series 2024A Bonds to the Trustee to transfer to U.S. Bank Trust Company, National Association, acting as escrow agent (the "Escrow Agent"), for deposit in an escrow fund (the "Escrow Fund") established under the Escrow Agreement, dated as of October 1, 2024, by and among the Authority, the City and the Escrow Agent (the "Escrow Agreement"). Proceeds of the Series 2024A Bonds and other moneys held in the Escrow Fund to refund the Series 2012A Bonds will be held in cash and used to pay the regularly scheduled debt service on the Series 2012A Bonds on November 1, 2024 and to refund the outstanding Series 2012A Bonds maturing after November 1, 2024 on November 1, 2024. Amounts in the Escrow Fund will be irrevocably pledged to secure, when due, the payment of the principal of, interest and premium due with respect to the outstanding Series 2012A Bonds and will not be available to pay debt service on the Series 2024A Bonds.

Verification. Upon issuance of the Series 2024A Bonds, Causey Demgen & Moore P.C, Denver, Colorado, as verification agent, will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter relating to: (a) the adequacy of amounts in the Escrow Fund to pay when due the regularly scheduled debt service on the Series 2012A Bonds on November 1, 2024 and to refund the outstanding Series 2012A Bonds maturing after November 1, 2024 on November 1, 2024; and (b) the computations of yield of the Series 2024A Bonds which support Bond Counsel's opinion that the interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds with respect to the Series 2024A Bonds are shown below.

Sources	
Principal Amount of Series 2024A Bonds	$19,500,000.00
Plus : Original Issue Premium	2,516,171.55
Other Sources of Funds	2,449,237.50
Total Sources	$24,465,409.05
Uses	
Escrow Fund	$24,209,237.50
Cost of Issuance(1)	256,171.55
Total Uses	$24,465,409.05

(1) Includes legal, rating agency, underwriter's discount, printing fees and other miscellaneous costs of issuance.

BASE RENTAL PAYMENT SCHEDULE

Set forth below is the annual schedule of Base Rental Payments, which corresponds with the schedule of debt service payments for the Series 2019B Bonds and Series 2024A Bonds (except that (i) the Interest Payment Dates for the Series 2019B Bonds and Series 2024A Bonds are May 1 and November 1 and (ii) payments of principal on the Series 2024A Bonds are made according to the maturity schedule contained on the inside cover page of this Official Statement). The City has other long-term obligations payable from the General Fund; see "APPENDIX A — CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION — Long-Term Obligations."

	Series 2019B			*Series 2024A*			
Year Ending November 1	*Principal*	*Interest*	*Total Payments*	*Principal*	*Interest*	*Total Payments*	*Total Payments*
2024	$ 1,470,000	$ 1,303,750	$ 2,773,750	--	--	--	$ 2,773,750
2025	1,545,000	1,230,250	2,775,250	$ 1,725,000	$ 1,012,917	$ 2,737,917	5,513,167
2026	1,625,000	1,153,000	2,778,000	1,865,000	888,750	2,753,750	5,531,750
2027	1,705,000	1,071,750	2,776,750	1,960,000	795,500	2,755,500	5,532,250
2028	1,790,000	986,500	2,776,500	2,060,000	697,500	2,757,500	5,534,000
2029	1,880,000	897,000	2,777,000	2,165,000	594,500	2,759,500	5,536,500
2030	1,970,000	803,000	2,773,000	2,260,000	486,250	2,746,250	5,519,250
2031	2,070,000	704,500	2,774,500	2,370,000	373,250	2,743,250	5,517,750
2032	2,175,000	601,000	2,776,000	2,485,000	254,750	2,739,750	5,515,750
2033	2,285,000	492,250	2,777,250	2,610,000	130,500	2,740,500	5,517,750
2034	2,400,000	378,000	2,778,000	--	--	--	2,778,000
2035	2,515,000	258,000	2,773,000	--	--	--	2,773,000
2036	2,645,000	132,250	2,777,250	--	--	--	2,777,250
Total	$ 26,075,000	$ 10,011,250	$ 36,086,250	$ 19,500,000	$ 5,233,917	$ 24,733,917	$ 60,820,167

Source: Underwriter.

THE PROPERTY

The Property consists of (1) the City Hall complex, (2) the Police Patrol Facility, (3) the General Services Administrative Building, (4) Bobby Bonds Park and buildings located there and (5) the New Main Library. Each of these assets is described below. The City has estimated that the fair market rental value of all of the Property, in aggregate, is at least equal to the outstanding principal amount of the Series 2019B Bonds and Series 2024A Bonds.

City Hall Complex. The City Hall complex consists of a seven-story office building complex, City council chambers, a four-level parking garage, a balcony and rooftop area, including storage space and a heliport, a utility building and a basement. The complex is located on a total land area of 3.766 acres and includes 262,789 square feet of usable space in the downtown area of the City. The City Hall complex has a concrete foundation with solid brick walls. Its lateral force-resisting system consists of a steel moment frame.

Police Patrol Facility. The Police Patrol Facility, which was originally constructed in 1988 and renovated in 2009, includes approximately 26,250 square feet on a 16.08 acre parcel. The Police Patrol Facility was constructed in accordance with the California Building Code in effect at the time of its construction. It has a concrete foundation with solid brick walls, and its lateral force-resisting system consists of reinforced shear walls.

General Services Administrative Building. The General Services Administrative Building is located on a 17.73 acre parcel (including the adjacent parking lot), and originally included approximately 72,700 square feet of usable space. Built in 1963, the building is constructed of reinforced masonry. In 2012, a new reception area and blue room were added to the building, adding approximately 20,000 square feet for a total of approximately 92,700 square feet.

Bobby Bonds Park and Buildings. Bobby Bonds Park is approximately 14.5 acres in size, and contains a baseball field, basketball court and other play areas. The buildings located at Bobby Bonds Park consist of the Cesar Chavez Community Center (approximately 37,604 square feet in size) and the Youth Opportunity Center/Gym (approximately 13,239 square feet in size). The Community Center is a 2-story building built in 1940, all of wood-frame materials. The Youth Opportunity Center is a 1-story building built in 1950, built of masonry with a wood roof.

New Main Library. The New Main Library is located at 3775 Fairmont Avenue (sometimes also referred to as 3911 University Avenue), on an approximately 2.7 acre site, and is a two-story building covering approximately 42,000 square feet of innovative space that includes an archive reading room, children's room, innovation center, outdoor terrace, and the Friends of the Riverside Public Library bookstore. A portion of the New Main Library was financed with proceeds of the Series 2019B Bonds and the New Main Library was completed in 2020.

Substitution and Release. The City has the right to substitute or release all or portion of the Property subject to certain conditions precedent. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Substitution and Removal of Property."

THE CITY

See "APPENDIX A — CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION" for certain financial and demographic information about the City, including its General Fund.

THE AUTHORITY

The Riverside Public Financing Authority exists pursuant to the provisions of Article I of Chapter 5 of Division 7 of Title 1 of the State Government Code and a Joint Exercise of Powers Agreement, dated as of

December 15, 1987, as subsequently amended (the "JPA Agreement"), by and between the City, the Redevelopment Agency of the City of Riverside (the "Former Agency"), now succeeded by the Successor Agency to the Redevelopment Agency of the City of Riverside (the "Successor Agency") and the Parking Authority of the City of Riverside. The Authority has no financial liability to the Owners of the Series 2024A Bonds with respect to the payment of Base Rental Payments by the City or with respect to the performance by the City of the other agreements and covenants it is required to perform.

The State adopted ABx1 26 on June 28, 2011, pursuant to which the Former Agency was dissolved and the City acts as the Successor Agency. Pursuant to Section 34178(b)(3) of the Community Redevelopment Law, as amended by ABx1 26, the JPA Agreement is not invalid as a result of the dissolution of the Former Agency.

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the Series 2024A Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations that may be relevant to an investment in the Series 2024A Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations

The Series 2024A Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State, or any political subdivision thereof, is pledged to the payment of the Series 2024A Bonds. The Authority has no taxing power.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State is obligated to levy or pledge any form of taxation or for which the City or the State has levied or pledged any form of taxation.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease Agreement to pay the Base Rental Payments and Additional Rental Payments from any source of legally available funds and the City has covenanted in the Lease Agreement that it will take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments, subject to abatement. The City is currently liable and may become liable on other obligations payable from general fund revenues.

To the extent that additional general fund obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Lease Agreement. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues; however, the City's appropriations have never exceeded the limitation on appropriations under Article XIIIB of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIIIB of the California Constitution."

Abatement

In the event of substantial interference with the City's right to use and occupy any portion of the Property by reason of damage to, or destruction or condemnation of the Property, or any defects in title to the Property, Base Rental Payments will be subject to abatement. See "SECURITY AND SOURCES OF PAYMENT FOR

THE SERIES 2024A BONDS—Abatement." In the event that such portion of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the City's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from the funds and accounts established under the Indenture, or in the event that casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Property or redemption of the Series 2024A Bonds, there could be insufficient funds to make payments to Owners in full. The Authority has not funded a reserve fund for the Series 2024A Bonds.

It is not possible to predict the circumstances under which such an abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Property is substantially higher or lower than its value at the time of the execution and delivery of the Series 2024A Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Series 2024A Bonds.

If damage, destruction, title defect or eminent domain proceedings with respect to the Property results in abatement of the Base Rental Payments related to such Property, and if any abated Base Rental Payments, together with moneys from rental interruption or use and occupancy insurance (in the event of any insured loss due to damage or destruction), and any eminent domain proceeds are insufficient to make all payments of principal and interest with respect to the Series 2024A Bonds during the period that the Property is being replaced, repaired or reconstructed, then all or a portion of such payments of principal and interest may not be made. Under the Lease Agreement and the Indenture, no remedy is available to the Series 2024A Bond Owners for nonpayment under such circumstances.

No Reserve Fund

The Authority has not funded a reserve fund for the Series 2024A Bonds.

Covenant to Budget and Appropriate

Under the Lease Agreement, the City has covenanted to take such actions as are necessary to include the Base Rental Payments and the estimated Additional Rental Payments in its annual budgets and to make the necessary annual appropriations for all Base Rental Payments. Such covenant is deemed to be a duty imposed by law, and it is the duty of the public officials of the City to take such actions and do such things as are required by law in the performance of the official duty of such officials to enable such entity to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenant. Upon execution and delivery of the Series 2024A Bonds, Bond Counsel will render its opinion (substantially in the form of Appendix D) to the effect that, subject to certain limitations and qualifications, the Lease Agreement constitutes a valid and binding obligation of the City. See, however, "— Abatement" above.

Eminent Domain

If all of the Property (or portions thereof such that the remainder is not usable for the public purposes by the City) is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement will cease as of the day possession is taken. If less than all of the Property is taken permanently, or if the Property or any part thereof is taken temporarily, under the power of eminent domain, and the remainder is usable for public purposes by the City at the time of such taking, (1) the Lease Agreement will continue in full force and effect as to such remainder, and will not be terminated by virtue of such taking, and (2) there will be a partial abatement of Base Rental Payments as a result of the application of the Net Insurance Proceeds of any eminent domain award to the prepayment of the Base Rental Payments, in an amount to be agreed upon by the City and the Authority such that the resulting Base Rental Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

Limited Recourse on Default; No Acceleration of Base Rental

Failure by the City to make Base Rental Payments or other payments required to be made under the Lease Agreement, or failure to observe and perform any other terms, covenants or conditions contained in the Lease Agreement or in the Indenture for a period of 30 days or such additional time as is reasonably required to correct a default after written notice of such default and request that it be remedied has been given to the City by the Authority or the Trustee, constitute events of default under the Lease Agreement and permit the Trustee or the Authority to pursue any and all remedies available. In the event of a default, notwithstanding anything in the Lease Agreement or in the Indenture to the contrary, there will be no right under any circumstances to accelerate the Base Rental Payments or otherwise declare any Base Rental Payments not then in default to be immediately due and payable, nor will the Authority or the Trustee have any right to re-enter or re-let the Property except as described in the Lease Agreement.

The enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time consuming. If the City defaults on its obligation to make Base Rental Payments with respect to the Property, the Trustee, as assignee of the Authority, may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the City.

Alternatively, the Authority or the Trustee may terminate the Lease Agreement, retake possession of the Property and proceed against the City to recover damages pursuant to the Lease Agreement. Due to the specialized nature of the Property or any property substituted therefor pursuant to the Lease Agreement and the restrictions on its use, no assurance can be given that the Trustee will be able to re-let the Property so as to provide rental income sufficient to make all payments of principal of, interest and premium, if any, on the Series 2024A Bonds when due, and the Trustee is not empowered to sell the Property for the benefit of the Owners of the Series 2024A Bonds. Any suit for money damages would be subject to limitations on legal remedies against cities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS" and "APPENDIX B — SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS."

Substitution, Addition and Removal of Property; Additional Bonds

The Authority and the City may amend the Lease Agreement to substitute alternate real property for any portion of the Property, add additional real property to the Property, or release a portion of the Property from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement. After a substitution or release, the portion of the Property for which the substitution or release has been effected will be released from the leasehold encumbrance of the Lease Agreement. See "SECURITY FOR AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS — Substitution, Addition and Removal of Property." Moreover, the Authority may issue Additional Bonds secured by Base Rental Payments which are increased from current levels.

Although the Lease Agreement requires, among other things, that the Property, as constituted after such substitution or release, have an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, it does not require that such Property have an annual fair rental value equal to the annual fair rental value of the Property at the time of substitution or release. Thus, a portion of the Property could be replaced with less valuable real property, or could be released altogether. Such a replacement or release could have an adverse impact on the security for the Series 2024A Bonds, particularly if an event requiring abatement of Base Rental Payments were to occur subsequent to such substitution or release. See "APPENDIX B — SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS."

The Indenture requires, among other things, that upon the issuance of Additional Bonds, the Ground Lease and the Lease Agreement will have been amended, to the extent necessary, so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds; provided, however, that no such amendment will be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period will be in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith.

Utility Transfers; Articles XIIIC and XIIID of the State Constitution

The City's general fund receives a substantial amount of revenues from transfers-in from its utility enterprises. For example, the general fund transfers-in from utilities in Fiscal Years 2022-23 and 2023-24 were approximately $50.5 million and $53.4 million (unaudited), respectively. If the revenues of the utilities declined in the future, this could result in a decline in the amount of transfers-in to the general fund from the utilities, thereby reducing the overall revenues of the general fund available to pay lease payments.

See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS — Articles XIIIC and XIIID of the State Constitution" and "—Revenue Transfers from Water Utility and Electric Utility" for additional information about certain risks to the City's general fund revenues under Articles XIIIC and Article XIIID of the California Constitution, including as relates to the transfers-in from the City's utility enterprises, some of which are the subject of ongoing litigation.

Geologic, Topographic and Climatic Conditions

General. The value of the Property, and the financial stability of the City, can be adversely affected by a variety of factors, particularly those that may affect infrastructure and other public improvements and private improvements and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions (such as earthquakes), topographic conditions (such as earth movements and floods), climatic conditions (such as droughts) and fires.

Building codes require that some of these factors be taken into account, to a limited extent, in the design of improvements, including improvements of the Property. Some of these factors may also be taken into account, to a limited extent, in the design of other infrastructure and public improvements neither designed nor subject to design approval by the City. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change, leaving previously-designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Conditions may occur and may result in damage to improvements of varying seriousness, such that the damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the actual value of the Property, as well as public and private improvements within the City in general, may well depreciate or disappear, notwithstanding the establishment of design criteria for any such condition.

Seismic. The area encompassed by the City, like that in much of California, may be subject to unpredictable seismic activity. The City is located within a regional network of several active and potentially active faults. The San Jacinto Fault, the Glen Helen Fault, the San Andreas Fault and the Lytle Creek Fault are all located within the vicinity of the City. Although the City believes that no active or inactive fault lines pass through the City, if there were to be an occurrence of severe seismic activity in the City, there could be an abatement or adverse impact on the City's ability to pay the Base Rental payments.

Flood. Southern California's unpredictable seasonal ranges of rainfall, coupled with geographic and geologic conditions, make the City particularly vulnerable to flooding, especially during winter months. Increasing conversion of natural areas to pavement and less pervious ground covers makes the effects of storms more intense and potentially damaging. Flash floods, mudslides and creek flooding have all occurred in the

City, claiming lives and damaging property. The impacts of flooding can also damage the drinking water supply, create power outages and damage homes and their contents.

The City is not obligated under the Lease Agreement to maintain flood insurance with respect to the Property. According to the Federal Emergency Management Agency, the Property is located in a moderate flood hazard area, which is an area between the limits of the base flood and the 0.2-percent-annual-chance (or 500-year) flood.

Wildfire Hazard Area. In recent years, wildfires have caused extensive damage throughout the State, including within the County. Areas that were not previously considered to be at risk from such events have been damaged or destroyed by fires started by wind-blown embers, not the fire itself.

The Property is not located in a "fire severity zone" based on current mapping. See "THE PROPERTY" above for information about the fire-related design of the buildings that are components of the Property.

Climate Change

The State has historically been susceptible to wildfires and hydrologic variability. As GHG emissions continue to accumulate in the atmosphere, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the City and its finances is difficult to predict, but it could be significant and it could have a material adverse effect on the City's finances by requiring greater expenditures to counteract the effects of climate change.

The City's existing Economic Prosperity Plan and Climate Action Plan (the "CAP"), which was adopted in 2016, evaluated the impact of climate change through 2020 and established a roadmap by which the City could measure GHG emissions, assist residents in adapting to the effects of climate change and increase the City's resilience to the effects of climate change. The CAP also sought to ensure that the City's climate change response supported economic development in the City, including by encouraging investments in green technology.

The City is currently in the process of evaluating and updating the CAP as part of the upcoming General Plan update which began in early 2024. The City's Community and Economic Development Department is taking the lead on the CAP update, with support from the City's Office of Sustainability. The updated CAP is expected to implement actions to reduce GHG emissions and measure progress with respect thereto, with one goal expected to be achieving carbon neutrality by 2040. There can be no assurance as to when the updated CAP will be adopted, or as to the ultimate content thereof.

Hazardous Substances

Discovery of hazardous substances on parcels within the City could impact the City's ability to pay debt service with respect to the Series 2024A Bonds.

In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act" is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance.

The effect, therefore, should the Property or any substantial amount of property within the City be affected by a hazardous substance, would be to reduce the marketability and value of the property by the costs of, and any liability incurred by, remedying the condition, since the purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller. Such reduction in the value of the Property could adversely impact the fair rental value of the Property and potentially result in abatement of the Base Rental payments. In addition, reduction in the value of property in the City as a whole could reduce property tax revenues received by the City and deposited in the general fund, which could significantly and adversely affect the ability of the City to make Base Rental payments.

Dependence on State for Certain Revenues

On June 29, 2024, the Governor signed the State budget for Fiscal Year 2024-25 (the "2024-25 State Budget"). The following is drawn from the Department of Finance ("DOF") and Legislative Analyst's Office ("LAO") summaries of the 2024-25 State Budget

The 2024-25 State Budget reports that, emerging from the COVID-19 pandemic, the State has experienced significant revenue volatility occasioned by unprecedented revenue growth that was quickly followed by a sharp correction back towards to historical trends, as well as federal and state income tax deadline delays which significantly clouded the State's revenue forecast. The 2024-25 State Budget estimates that the State is facing a budget shortfall in Fiscal Year 2024-25 of approximately $46.8 billion. For Fiscal Year 2023-24, the 2024-25 State Budget projects total general fund revenues and transfers of $189.4 billion and authorizes expenditures of $223.1 billion. The State is projected to end the 2023-24 fiscal year with total reserves of $26.4 billion, including $22.6 billion in the Budget Stabilization Account (the "BSA"), $2.9 billion in the traditional general fund reserve, and $900 million in the Safety Net Reserve Fund. The 2024-25 State Budget also authorizes the withdrawal of the full amount on deposit in the Public School System Stabilization Account ("PSSSA"), leaving a zero balance. For Fiscal Year 2024-25, the 2024-25 State Budget projects total general fund revenues and transfers of $212.1 billion and authorizes expenditures of $211.5 billion. The State is projected to end the 2024-25 fiscal year with total reserves of $22.2 billion, including $3.5 billion in the traditional general fund reserve, $17.6 billion in the BSA and $1.1 billion in the PSSSA. The Safety Net Reserve is projected to have a zero balance.

While the City is not substantially reliant on the State's finances, a number of the City's revenues are collected and dispersed by the State (such as sales tax and motor-vehicle license fees) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of the State's efforts to address any such related State financial difficulties.

See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A" and "—Proposition 22" below.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the City may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose.

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture may be limited by and are subject to the provisions of federal bankruptcy laws. The City is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the City is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. If the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have priority of payment superior to that of the Owners of the Series 2024A Bonds; and (iv) the possibility of the adoption of a plan (the "Plan") for the adjustment of the City's debt without the consent of the Trustee or all of the Owners of the Series 2024A Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable and in the best interests of creditors.

Recent bankruptcies in the City of Stockton, the City of San Bernardino and the City of Detroit have brought scrutiny to municipal securities. Specifically, in the San Bernardino bankruptcy, the Court held that in the event of a municipal bankruptcy, payments on pension obligation bonds were unsecured obligations and not entitled to the same priority of payments made to the related pension system. A variety of events including, but not limited to, additional rulings adverse to the interests of bond owners in the Stockton, San Bernardino and Detroit bankruptcy cases or additional municipal bankruptcies, could prevent or materially adversely affect the rights of Owners to receive payments on the Series 2024A Bonds in the event the City files for bankruptcy. Accordingly, in the event of bankruptcy, it is likely that Owners will not recover their principal and interest.

The opinions of counsel, including Bond Counsel, delivered in connection with the issuance and delivery of the Series 2024A Bonds will be so qualified. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Possible Insufficiency of Insurance Proceeds

The Lease Agreement obligates the City to keep in force various forms of insurance, subject to deductibles, for repair or replacement of the Property in the event of damage, destruction or title defects, subject to certain exceptions. The Authority and the City make no representation as to the ability of any insurer to fulfill its obligations under any insurance policy obtained pursuant to the Lease Agreement and no assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement or to pay principal of and interest on the Series 2024A Bonds when due. In addition, certain risks, such as earthquakes and floods, are not covered by the insurance required under the Lease Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Insurance."

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Series 2024A Bonds with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

State Law Limitations on Appropriations

Article XIIIB of the California Constitution limits the amount that local governments can appropriate annually. The ability of the City to make Base Rental Payments may be affected if the City should exceed its appropriations limit. The State may increase the appropriation limit of cities in the State by decreasing the State's own appropriation limit. The City does not anticipate exceeding its appropriations limit. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS — Article XIIIB of the State Constitution" below.

Change in Law

No assurance can be given that the State or the City electorate will not at some future time adopt initiatives, or that the State Legislature will not enact legislation that will amend the laws of the State, or that the City Council (with voter approval) will not enact amendments to the City's Charter, in a manner that could result in a reduction of the City's revenues and, therefore, a reduction of the funds legally available to the City to make Base Rental Payments. See, for example, "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS — Article XIIIC and Article XIIID of the State Constitution."

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," the interest on the Series 2024A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Series 2024A Bonds, as a result of acts or omissions of the Authority or the City in violation of its covenants in the Indenture and the Lease Agreement. Should such an event of taxability occur, the Series 2024A Bonds would not be subject to a special redemption and would remain Outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2024A Bonds or, if a secondary market exists, that any Series 2024A Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Cyber Security

Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. In recent years, there have been significant cyber security incidents affecting municipal agencies, including a ransomware attacks targeting the San Bernardino County Sheriff's Department and the Los Angeles Unified School District, a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore's 911 system, an attack on the Colorado Department of Transportation's computers, an attack that resulted in the temporary closure of the Port of Los Angeles' largest terminal and an attack on a water treatment facility in Oldsmar, Florida.

The City's Information Technology Department provides advisory support for the City's electronic system cyber security. This includes audits and recommended improvements to facility hardware and software to keep up to date with the latest cyber security best practices. The City uses multiple layers of security systems to safeguard against cyber-attacks. These systems are deployed at the perimeter as well as at end points of the City's network. The City's multi-level cyber protection scheme includes firewalls, anti-virus software, anti-spam/malware software, intrusion protection, intrusion detection, log monitoring and other security measures. One of the systems is artificial-intelligence based, which analyzes the behavior of users/devices on the network and takes corrective action if any anomaly is detected. The City's network is scanned by third party consultants on a regular basis. The City's Information Technology Department also conducts security awareness training for employees and maintains cloud-based backup storage for its digital files.

To date, the City has not experienced a successful attack against its network and servers. However, there can be no assurance that a future attack or attempted attack would not result in disruption of City operations. The City expects that any such disruptions would be temporary in nature due to its backup/restore procedures and disaster recovery planning.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Principal of and interest on the Series 2024A Bonds are payable from Base Rental Payments made from the City's General Fund. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS." Articles XIIIA, XIIIB, XIIIC and XIIID of the State Constitution, Propositions 62, 111, 218, 1A and 22, and certain other provisions of law discussed below are included in this Official Statement to describe the potential effect of these Constitutional and statutory measures on the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIIIA of the State Constitution

On June 6, 1978, State voters approved Proposition 13, which added Article XIIIA to the State Constitution. Article XIIIA, as amended, limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service: (i) on indebtedness approved by the voters prior to December 1, 1978; (ii) on bonded indebtedness approved by a two-thirds vote on or after December 1, 1978, for the acquisition or improvement of real property; or (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters voting on the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, including a general economic downturn, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by counties and distributed according to a formula among taxing agencies.

Increases in assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full cash value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100 percent of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the State Constitution

In addition to the limits that Article XIIIA imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual "appropriations limit" imposed by Article XIIIB which effectively limits the amount of such revenues that such entities are permitted to spend. Article XIIIB, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues and the investment proceeds thereof, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds. Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized as of October 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each local government's actual appropriations be tested against its limit every two years.

If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

The City's appropriations have never exceeded the limitation on appropriations under Article XIIIB.

Articles XIIIC and XIIID of the State Constitution

On November 5, 1996, State voters approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIIIC and XIIID to the State Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments and property-related fees and charges. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City (such as Measure W) require a majority vote, and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs, such as hearings and stricter and more individualized benefit requirements and findings. These provisions include, among other things: (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel; (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred; (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party; and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. If the City is unable to continue to collect revenues of this nature, the services and programs funded with these revenues would have to be curtailed and/or the City's General Fund might have to be used to support them. The City is unable to predict whether or not in the future it will be able to continue all existing services and programs funded by fees, charges and assessments in light of Proposition 218 or, if these services and programs are continued, which amounts (if any) would be used from the City's General Fund to continue to support such activities.

Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairments of contracts. Legislation implementing Proposition 218 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund.

Although a portion of the City's General Fund revenues are derived from taxes purported to be governed by Proposition 218, all of such taxes were imposed in accordance with the requirements of Proposition 218. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges which support the City's General Fund.

Revenue Transfers from Water Utility and Electric Utility

Water Revenue Transfer Under the City Charter. Section 1204 of the City Charter requires the City's water system (the "Water System") to transfer, in monthly installments, an amount not to exceed 11.5% of the Gross Operating Revenues of the Water System (the "Water Revenue Transfer"). This requirement has been in the City Charter since 1907, when the City Charter was approved and adopted by the electorate. Prior to 1968, the Water System was obligated to transfer all excess funds after all required expenditures had been made at the end of each fiscal year. In 1968, the electorate approved a change requiring a transfer of 11.5% of the Water System's Gross Operating Revenues. In 1977, the electorate approved a change requiring the transfer to be an amount "not to exceed" 11.5% of such Gross Operating Revenues. On June 4, 2013, the electorate reaffirmed the Water Revenue Transfer as a general tax pursuant to Article XIIIC by approving Section 1204.1 of the City Charter (the "Water Revenue Transfer Re-Approval").

The holding in the *Bighorn* case makes clear that the City's water service charges are property-related fees or charges that must comply with Article XIIID. This means that the revenues derived from these charges may not exceed the cost to the City of providing the related services.

In April 2013, prior to the Water Revenue Transfer Re-Approval, the City settled a lawsuit filed against it in 2012 challenging the Water Revenue Transfer on Proposition 218 grounds. Under the settlement agreement, the City's General Fund paid $10 million in equal installments to the Water Fund over a three-year period, which began in Fiscal Year 2013-14 and ended in Fiscal Year 2015-16. The City ceased the Water Revenue Transfer after the lawsuit's filing and until the Water Revenue Transfer Re-Approval.

On December 19, 2019, a class action lawsuit entitled *Simpson v. City of Riverside* ("Simpson I") was filed against the City alleging that the Water Revenue Transfer results in the City overcharging customers for water utility service in violation of Article XIIID, Section 6 of the State Constitution. The plaintiff is seeking refunds for all customers for moneys collected in alleged violation of the Constitution in the three years prior to the filing of the lawsuit and an order that the court set aside the Revenue Transfer Re-Approval. The trial was bifurcated into two phases, liability and damages. The court issued its ruling on the liability phase on August 17, 2023, finding that the City's water rates violated Article XIID, Section 6 of the California Constitution because they were set in an amount sufficient to recover the Water Revenue Transfer. A trial date of September 6, 2024 has been set for the second phase of the trial regarding damages. The City is unable to quantify the refund amount that could be owed in the event that the plaintiff were to prevail in its claims and it is unclear how the court may fashion any remedy against the City if the plaintiff were to prevail. However, the City believes that any refunds ordered by the court would predominantly come from the City's General Fund rather than from the Water Fund. Damages related to Simpson I ceased to accrue as of the City's adoption of Resolution No. 24042 setting new water rates for Fiscal Years 2023-24 to 2027-28 on September 30, 2023. However, on January 26, 2024, a class action lawsuit entitled *Simpson v. City of Riverside* ("Simpson II") was filed against the City, challenging the City's newly adopted water rates, again alleging that the Water Revenue Transfer results in the City overcharging customers for water utility service in violation of Article XIIID, Section 6 of the State Constitution and asking for the same relief as Simpson I. This lawsuit has been stayed pending the resolution of Simpson I.

On January 26, 2024, a case entitled *Pongs v. City of Riverside*, was filed against the City. Pongs is a reverse validation action challenging the validity of the new rates adopted by Resolution No. 24042 for Fiscal Years 2023-24 to 2027-28. Pongs alleges multiple violations of Article XIII D (also referred herein as Proposition 218) including, *inter alia,* illegal transfers of water rate revenue from the City's water utility into the General Fund, invalid tiered rate structures, and improper spending of water rate revenue on categories unrelated to the provision of water service. No hearing date has been set and the claims are similar to Simpson I and II.

From Fiscal Year 2018-19 through Fiscal Year 2024-25, the cumulative Water Revenue Fund Transfers to the General Fund total approximately $52.8 million. The Water Revenue Fund Transfer to the General Fund of the City for Fiscal Year 2023-24 was approximately $8.1 million and the budgeted transfer to the General Fund of the City for Fiscal Year 2024-25 is approximately $8.5 million, and the City has escrowed such amounts for Fiscal Years 2023-24 and 2024-25. The City has approximately 60 days from the entry of judgment in Simpson I against it to decide whether or not to file an appeal.

Electric Utility Revenue Transfer Under the City Charter. Effective December 1, 1977, transfers to the General Fund of the City of surplus funds of the City's electric utility (the "Electric Utility"), after payment of operating and maintenance expenses and debt service, are limited by Section 1204 of the Riverside City Charter, as approved by the voters and adopted by the City Council on November 15, 1977 (each, an "Electric Revenue Fund Transfer"). Such transfers are limited to 12 equal monthly installments during each fiscal year constituting a total amount not to exceed 11.5% of the gross operating revenues, exclusive of any surcharges, for the last fiscal year ended and reported by an independent public auditor.

On September 12, 2018, a petition for writ of mandate entitled *Parada v. City of Riverside* ("Parada II") was filed against the City seeking to invalidate, rescind and void under Proposition 26 the Electric Utility's rates approved by City Council on May 22, 2018, which took effect on January 1, 2019, challenging the portion of the electric rates that are attributable to the Electric Revenue Fund Transfer.

On October 9, 2020, the court ruled that the Electric Revenue Fund Transfer from the Electric Utility is not a cost of providing the service of the Electric Utility and violates Article XIIIC of the State Constitution. See the caption "CONSTITUTIONAL LIMITATIONS—Articles XIIIC and XIIID of the State Constitution." Based on the court's order in the liability phase of the trial, the City estimated that approximately $19 million-$32 million of the General Fund transfer was potentially attributable to Electric Utility revenue that was not approved by the voters and could be subject to refund.

On May 17, 2021, the City and the plaintiffs entered into a settlement agreement that was conditioned on: (1) the City Council's placement of a ballot measure on the November 2021 election to approve the General Fund transfer as a general tax (the "Ballot Measure"); and (2) voter approval of the Ballot Measure. The City Council placed the Ballot Measure on the ballot for the November 2, 2021 election. The parties agreed to stay the litigation until certification of the results of the Ballot Measure. If voters approved the Ballot Measure, the City agreed to refund to Electric Utility customers an amount equal to $24 million less the amount awarded to the plaintiffs' counsel in fees, paid over a five year period that was to begin no later than February 1, 2022. If voters did not approve the Ballot Measure, the litigation would then resume.

On or about September 16, 2021, prior to the November 2, 2021 election, a petition for writ of mandate entitled *Riversiders Against Increased Taxes v. City of Riverside, et al.* (the "RAIT lawsuit") was filed against the City challenging the Ballot Measure on the grounds that it could not be adopted at the November 2021 election because that election is a "special" election and, under Proposition 218, a ballot measure to impose a general tax can only be submitted to voters at a general election. On November 9, 2021, the court set a trial date for the RAIT lawsuit for January 7, 2022 and ordered a stay of the certification of the Ballot Measure election results pending the January 7, 2022 hearing. The court did not otherwise delay or cancel the election for the Ballot Measure, and the election was held on November 2, 2021, with Measure C approved by a majority of the voters.

On April 26, 2022 the RAIT lawsuit trial court determined that the November 2021 election was a "special election" rather than a "general election" and therefore did not comply with Proposition 218. The court further ruled that it lacked power to enjoin the certification of election results or to otherwise invalidate the election. Both sides appealed the April 26, 2022 ruling.

On May 12, 2022, the City and the plaintiffs in the Parada II lawsuit amended the May 17, 2021 conditional settlement agreement to reflect the following additional terms: (a) the City agreed to start making refunds to ratepayers by October 1, 2022; (b) if the City prevailed in the appeal of the trial court's decision in the RAIT lawsuit, no additional refunds would be due to the ratepayers; (c) if the City did not prevail in the appeal of the trial court's decision in the RAIT lawsuit, additional refunds would be implemented in the amount of $705,882 per month, from November 2021 until: (i) the City set new electric rates; (ii) voters approve a valid ballot measure relating to the General Fund transfer; or (iii) the City otherwise stops collecting the General Fund transfer from the Electric Utility. The Parada II lawsuit was dismissed on May 13, 2022. The RAIT lawsuit plaintiffs sought to intervene in the Parada II lawsuit and set aside this dismissal. However, on August 3, 2022, the Parada II trial court refused to set aside the dismissal.

The City Council adopted a resolution certifying the results of the Measure C election on July 19, 2022. The City is implementing the settlement agreement with the Parada II plaintiffs, including the May 12, 2022 additional terms. As of October 1, 2024, the City has complied with the settlement agreement, with approximately $9.6 million in refunds not yet claimed by former customers pursuant to the settlement agreement.

On July 25, 2024, the California Court of Appeal ruled in favor of the City's appeal and found that the November 2021 election was a "general election" and ruled against RAIT's appeal, finding that RAIT's appeal was moot and, in any event, not preserved for appellate review. Because the appellate court ruled in favor of the City, no additional refunds are owed to ratepayers by the City. On September 3, 3024, RAIT sought California Supreme Court review of the appellate decision, and the California Supreme Court now has ninety days to decide to grant review.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and: (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax; (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax; (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed; (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIIIA; (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (f) requires that any tax imposed by a local governmental entity on or after July 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of Santa Clara County Local Transportation Authority v. Guardino, upheld the constitutionality of Proposition 62. In this case, the court held that a countywide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, required a two-thirds voter approval. Because the tax received an affirmative vote of only 54.1%, this special tax was found to be invalid. The decision did not address the question of whether or not it should be applied retroactively.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, Howard Jarvis Taxpayers Association v. City of La Habra, et al. In this case, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

The City has not experienced any substantive adverse financial impact as a result of the passage of Proposition 62.

Proposition 1A

Proposition 1A was approved by the voters at the November 2, 2004 election. Proposition 1A amended the State Constitution to, among other things, reduce the Legislature's authority over local government revenue sources by placing restrictions on the State's access to local governments' property, sales, and vehicle license fee revenues as of November 3, 2004. Beginning with Fiscal Year 2008-09, the State may borrow up to eight percent of local property tax revenues, but only if the Governor proclaims such action is necessary due to a severe State fiscal hardship, and two–thirds of both houses of the Legislature approves the borrowing. The amount borrowed is required to be paid back within three years. The State also will not be able to borrow from local property tax revenues for more than two fiscal years within a period of 10 fiscal years. In addition, the State cannot reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the statewide local sales tax.

Many of the provisions of Proposition 1A have been superseded by Proposition 22 enacted in November 2010 and described below.

Proposition 22

On November 2, 2010, the voters of the State approved Proposition 22, known as "The Local Taxpayer, Public Safety, and Transportation Protection Act" ("Proposition 22"). Proposition 22, among other things, broadens the restrictions established by Proposition 1A. While Proposition 1A permits the State to appropriate or borrow local property tax revenues on a temporary basis during times of severe financial hardship, Proposition 22 amends Article XIII of the State Constitution to prohibit the State from appropriating or borrowing local property tax revenues under any circumstances. The State can no longer borrow local property tax revenues on a temporary basis even during times of severe financial hardship. Proposition 22 also prohibits the State from appropriating or borrowing proceeds derived from any tax levied by a local government solely for the local government's purposes. Furthermore, Proposition 22 restricts the State's ability to redirect redevelopment agency property tax revenues to school districts and other local governments and limits uses of certain other funds although this provision no longer has any meaningful impact given the statewide dissolution of redevelopment agencies. Proposition 22 is intended to stabilize local government revenue sources by restricting the State government's control over local revenues. The City cannot predict whether Proposition 22 will have a beneficial effect on the City's financial condition.

Proposition 26

On November 2, 2010, State voters also approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) a fine, penalty or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City does not believe that Proposition 26 will adversely affect its General Fund revenues.

Possible Future Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID and Propositions 218, 111, 62, 1A, 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2024A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "**Code**"), generally certain corporations with more than $1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Series 2024A Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2024A Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Series 2024A Bonds is based upon certain representations of fact and certifications made by the Authority and others and is subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2024A Bonds to assure that interest (and original issue discount) on the Series 2024A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Series 2024A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024A Bonds. The Authority has covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a Series 2024A Bond (the first price at which a substantial amount of the Series 2024A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Series 2024A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Series 2024A Bond. The amount of original issue discount that accrues to the Beneficial Owner of a Series 2024A Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The amount by which a Series 2024A Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2024A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Series 2024A Bond Owner's basis in the applicable Series 2024A Bond (and the amount of tax-exempt interest received with respect to the Series 2024A Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Series 2024A Bond Owner realizing a taxable gain when a Series 2024A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2024A Bond to the Owner. Purchasers of the Series 2024A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2024A Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2024A Bonds might be affected as a result of such an audit of the Series 2024A Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2024A Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Series 2024A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2024A BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE SERIES 2024A BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES 2024A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES 2024A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2024A BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE SERIES 2024A BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY

CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES 2024A BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Series 2024A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Series 2024A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Series 2024A Bonds is excluded from gross income for federal income tax purposes provided that the Authority continues to comply with certain requirements of the Code, the ownership of the Series 2024A Bonds and the accrual or receipt of interest (and original issue discount) on the Series 2024A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of Series 2024A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2024A Bonds.

Should interest (and original issue discount) on the Series 2024A Bonds become includable in gross income for federal income tax purposes, the Series 2024A Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A complete copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

CERTAIN LEGAL MATTERS

The validity of the Series 2024A Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Series 2024A Bonds.

Certain legal matters will be passed upon for the City and the Authority by the City Attorney and by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel.

Anzel Galvan LLP, San Francisco, California, is acting as Underwriter's Counsel.

Bond and Disclosure Counsel and Underwriter's Counsel will receive compensation from the City contingent upon the sale and delivery of the Series 2024A Bonds.

NO LITIGATION

No litigation is pending or threatened concerning the validity of the Series 2024A Bonds. Neither the Authority nor the City is aware of any litigation pending or threatened questioning the political existence of the Authority or the City or contesting the Authority's ability to issue and pay the principal of and interest on the Series 2024A Bonds when due.

FINANCIAL STATEMENTS OF THE CITY

Included in this Official Statement, as Appendix C, are the audited financial statements of the City for the year ended June 30, 2023, audited by Lance, Soll & Lunghard, LLP, Brea, California, independent certified public accountants (the "Auditor"). *The City's financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit review of the financial condition of the City.*

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") has assigned a rating of "AA-" to the Series 2024A Bonds. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2024A Bonds. None of the Authority, the City or the Underwriter has undertaken any responsibility either to bring to the attention of the owners of the Series 2024A Bonds a proposed change in or withdrawal of the ratings or to oppose any such proposed revision or withdrawal.

UNDERWRITING

The Series 2024A Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter will purchase the Series 2024A Bonds from the Authority at an aggregate purchase price of $21,938,421.55, representing the principal amount of the Series 2024A Bonds, plus $2,516,171.55 of original issue premium and less $77,750.00 of Underwriter's discount.

The Series 2024A Bonds are offered for sale at the initial prices stated on the inside cover page of this Official Statement, which may be changed from time to time by the Underwriter. The Series 2024A Bonds may be offered and sold to certain dealers at prices lower than the public offering prices.

MUNICIPAL ADVISOR

The City has retained CSG Advisors Incorporated, San Francisco, California, as Municipal Advisor for the sale of the Series 2024A Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the holders and beneficial owners of the Series 2024A Bonds to provide certain financial information and operating data (the "Annual Report") by not later than each March 31 following the end of the City's fiscal year (which fiscal year currently ends on June 30), commencing with the Annual Report for the fiscal year ended June 30, 2024, and to provide notices of the occurrence of certain enumerated events as required by Securities and Exchange Commission Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934, as amended (the "Rule"). The specific nature of the information to be contained in the annual report or the notices of enumerated events is summarized under the caption "APPENDIX E — FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with the Rule.

The City and its related governmental entities – specifically those entities for whom City staff is responsible for undertaking compliance with continuing disclosure undertakings – have previously entered into numerous disclosure undertakings under the Rule in connection with the issuance of other obligations.

In the past, to assist the City and its related governmental entities in meeting their continuing disclosure obligations, the City retained certain corporate trust banks to act as dissemination agent. The City and its related governmental entities have not, on certain occasions during the past five years, fully complied, in all material respects, with their disclosure undertakings because on certain occasions in the last five years, the City did not timely file: (1) notice of rating changes to bond insurers and other credit and/or liquidity providers for City debt obligations; (2) the City's biennial budget for Fiscal Years 2018-2020 in connection with the City of Riverside Variable Rate Refunding Certificates of Participation (Riverside Renaissance Projects) Series 2008; (3) a notice of successor trustee for a prior City debt obligation; and (4) certain Fiscal Year 2018-19 operating data in connection with an issuance of pension obligation bonds by the City. In addition, the City did not link certain Fiscal Year 2017-18 information with respect to bonds of the Electric Utility to all applicable CUSIPs.

The City and its related governmental entities have made filings to correct all known instances of non-compliance during the last five years. The City believes that it has established internal processes, including a written continuing disclosure policy that will ensure that it and its related governmental entities will meet all material obligations under their respective continuing disclosure undertakings. The City also now handles its and its related governmental entities' continuing disclosure obligations internally and no longer uses third-party dissemination agents for that purpose. Additionally, the City has engaged a consultant to annually verify its continuing disclosure filings and identify any deficiencies, whether material or otherwise, so that any required corrective action can be taken.

MISCELLANEOUS

References are made in this Official Statement to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Indenture, the Lease Agreement, the Ground Lease and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the City Clerk at the City of Riverside, 3900 Main Street, Riverside, California 92522.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the City and the purchasers or Owners of any of the Series 2024A Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority and the City.

RIVERSIDE PUBLIC FINANCING AUTHORITY

By: /s/ Edward Enriquez
Treasurer

CITY OF RIVERSIDE

By: /s/ Edward Enriquez
Assistant City Manager/Chief Financial Officer/Treasurer

APPENDIX A

CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION

TABLE OF CONTENTS

Page

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 of Riverside and 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, 2024, the County had a population estimated at 2,442,378 and San Bernardino County had a population estimated at 2,181,433. With a population of over 4.6 million, the PMSA ranks as one of the largest Metropolitan Statistical Areas ("MSAs") in the United States. The County alone is 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 the 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 2,700 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 approximately 430 sworn officers and the Fire Department employs approximately 230 sworn firefighters operating out of over a dozen 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 services to 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, the Riverside Metropolitan Museum, the Cheech Marin Center for Chicano Art, 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

The following table offers population figures for the City, the County and the State as of the April 1, 2020 census date and as of January 1 for the years 2021 through 2024.

Table 1
POPULATION
2020-2024

Area	*2020*	*2021*	*2022*	*2023*	*2024*
City of Riverside	317,624	313,145	317,821	315,747	316,690
County of Riverside	2,418,185	2,419,165	2,427,832	2,428,580	2,442,378
State of California	39,538,223	39,327,868	39,114,785	39,061,058	39,128,162

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2021-2024, with 2020 Census Benchmark. Sacramento, California, May 2024.

Accounting Policies and Financial Reporting

General. 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 B—"CITY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023."

The City Council employs, at the conclusion 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.

Measure Z. Measure Z is a 1% local transaction and use tax approved by Riverside voters in November 2016, becoming effective in April 2017. Activity related to Measure Z revenue is tracked separately from the General Fund for public transparency, but the funds are available for General Fund purposes. The budgeting and expenditure of Measure Z resources are tracked in two funds: the Measure Z Operating Fund, and the Measure Z Capital Fund, consistent with generally accepted accounting principles. For reporting purposes in the City's Annual Comprehensive Financial Report, the Measure Z Operating Fund and the Measure Z Capital

Fund are combined with the General Fund and Capital Outlay Fund, respectively. Schedules showing the individual funds are included in the Combining and Individual Fund Statements and Schedules section of the financial report. See the caption "—Measure Z."

City Financial Policies

The City has adopted several financial policies which are intended to ensure financial stability.

Debt Policy. The City's Debt Policy is intended to ensure issuance and administration of City debt in compliance with the State of California Constitution, City Charter, and other legislative guidelines, while aligning with the City's strategic goals, including providing transparency of the City's debt practices and obligations. The policy was amended to comply with the Senate Bill 1029 Amendment to the California Government Code Section 8855(i), effective on January 1, 2017, and governs all debt undertaken by the City, including debt issued by the City on behalf of third parties. Third-party debt includes assessment districts and community facilities districts, as well as conduit debt.

Pension Funding Policy. The City's Pension Funding Policy was approved by City Council on August 6, 2019, with the goal of mitigating a portion of the City's long-term PERS liability. The policy established a Pension Stabilization Fund and a Section 115 Pension Trust that is managed by an outside investment advisor. The Pension Stabilization Fund is to be used to pre-pay the City's annual UAL payment and to hold one-time revenues set aside to make PERS payments in accordance with the policy. The policy also recommends staff set aside a portion of any projected year-end increase in fund balance to offset pension contribution increases. City staff is directed to monitor General Fund debt obligations for savings opportunities per the City's Debt Management Policy and redirect any savings to the Pension Stabilization Fund. Upon the retirement of any General Fund debt obligation, staff will also present a plan to reallocate all or a portion of prior debt service payments to the Pension Stabilization Fund. See the captions "—Pension Plans" and "—Retirement Programs and Other Post-Employment Benefits,"

Balanced Budget Fiscal Policy. The City's Balanced Budget Fiscal Policy, adopted by the City Council on February 20, 2018, requires the City to adopt a structurally balanced budget. Per the policy, a biennial budget is structurally balanced when, over the course of two fiscal years, ongoing revenues equal ongoing expenditures, and limited duration or one-time revenues are only used for limited-duration or one-time costs. Appropriated revenues may include transfers from fund balances where such fund balance is expected to exist by the end of the fiscal year preceding the year of the adopted budget, and contingent upon meeting the minimum reserve requirements.

Multi-Year Capital Planning Fiscal Policy. The City's Capital Planning Fiscal Policy was approved by the City Council on March 20, 2018. It identifies the Capital Improvement Program as a multi-year financial plan that lists and describes the capital projects the City will undertake, indicates how the projects will be funded, and projects the effect of the plan on key financial variables. Per the policy, the City adopts a multi-year Capital Plan spanning at least five years in conjunction with the biennial budget and five-year financial planning process. The policy identifies an asset or improvement as a capital project if it has a monetary value (cost) of at least $20,000 and a useful life of at least 10 years.

The City has also adopted a Reserve Policy and an Investment Policy. See "—General Fund Reserves" and "—City Investment Policy and Portfolio," respectively.

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), in each case inclusive of the Measure Z Operating Fund.

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

	Fiscal Year 2018-19	*Fiscal Year 2019-20*	*Fiscal Year 2020-21*	*Fiscal Year 2021-22*	*Fiscal Year 2022-23*
Assets:					
Cash and investments	$ 120,147	$ 124,020	$ 138,975	$ 192,195	$ 196,190
Cash and investments with fiscal agent	14	9,384	10,697	30,715	43,967
Receivables, net of allowance for uncollectible					
Interest	346	261	258	401	694
Property taxes	4,113	2,509	2,369	1,544	1,988
Sales taxes	22,680	23,225	30,103	30,395	30,918
Utility billed	1,295	1,775	2,517	3,350	2,320
Utility unbilled	--	--	--	--	945
Accounts	5,017	6,002	6,588	7,063	12,693
Intergovernmental	4,782	3,699	4,171	4,444	4,615
Notes	10	--	--	--	10
Leases receivable[1]	--	--	--	7,501	9,213
Prepaid items	774	1,271	1,695	1,912	1,930
Due from other funds	2,438	610	4,432	870	1,666
Land & improvements held for resale	175	175	175	175	175
Total Assets	**$ 161,791**	**$ 172,931**	**$ 201,980**	**$ 280,565**	**$ 307,324**
Liabilities:					
Accounts payable	$ 7,664	$ 6,266	$ 4,940	$ 9,494	$ 14,250
Accrued payroll	19,261	19,214	22,372	21,433	15,240
Retainage payable	14	20	2	2	6
Intergovernmental	218	143	148	153	139
Unearned revenue	29	32	25	--	--
Deposits	8,813	9,838	11,287	11,459	11,805
Total Liabilities	**$ 35,999**	**$ 35,513**	**$ 38,774**	**$ 42,541**	**$ 41,440**
Deferred Inflows of Resources:					
Unavailable revenue	$ 4,625	$ 3,549	$ 3,559	$ 3,082	$ 3,346
Lease related items[1]	--	--	--	7,724	9,161
Total Deferred Inflows of Resources	**$ 4,625**	**$ 3,549**	**$ 3,559**	**$ 10,806**	**$ 12,507**
Fund Balances:					
Nonspendable	$ 949	$ 1,446	$ 1,870	$ 2,087	$ 2,115
Restricted	3,411	10,699	10,697	30,715	32,695
Committed	65,916	59,280	62,400	82,801	111,301
Assigned	26,984	21,260	24,890	41,707	35,566
Unassigned	23,907	41,184	59,790	69,908	71,700
Total Fund Balances	**$ 121,167**	**$ 133,869**	**$ 159,647**	**$ 227,218**	**$ 253,377**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 161,791**	**$ 172,931**	**$ 201,980**	**$ 280,565**	**$ 307,324**

(1) Beginning in Fiscal Year 2021-22, the City implemented GASB Statement No. 87—Leases, which generally requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Source: City Audited Financial Statements

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

	Fiscal Year 2018-19	*Fiscal Year 2019-20*	*Fiscal Year 2020-21*	*Fiscal Year 2021-22*	*Fiscal Year 2022-23*
Revenues:					
Taxes	$ 240,416	$ 239,904	$ 265,819	$ 298,986	$ 310,520
Licenses and permits	10,357	10,141	10,265	11,304	12,446
Intergovernmental[(1)]	3,466	2,962	3,851	4,463	2,720
Charges for services	16,291	15,267	13,146	15,311	16,393
Fines and forfeitures	2,078	1,887	2,100	2,096	1,131
Special assessments	535	563	626	316	305
Rental and investment income	3,389	4,610	3,796	(4,391)	4,632
Miscellaneous	3,287	2,094	769	1,232	4,345
Total Revenues	**$ 279,819**	**$ 277,428**	**$ 300,372**	**$ 329,317**	**$ 352,492**
Expenditures					
General government[(2)]	$ 10,004	$ 10,739	$ 4,612	$ 8,197	$ 16,703
Public safety[(3)]	186,863	193,769	190,115	193,369	207,820
Highways and streets	20,289	21,536	16,203	17,935	21,274
Culture and recreation	29,806	28,078	26,104	30,882	36,259
Capital outlay[(4)]	1,815	761	692	3,262	16,815
Debt service; principal	--	--	--	675	2,103
Debt service; interest and fiscal charges	--	98	--	96	228
Total Expenditures	**$ 248,777**	**$ 254,981**	**$ 237,726**	**$ 254,416**	**$ 301,202**
Revenues over (under) Expenditures	**$ 31,042**	**$ 22,447**	**$ 62,646**	**$ 74,901**	**$ 51,290**
Other Financing Sources/(Uses)					
Transfers in	$ 51,763	$ 46,536	$ 53,263	$ 58,586	$ 67,229
Transfers out	(51,262)	(57,137)	(90,320)	(67,682)	(100,281)
Proceeds from sale of capital assets	--	856	189	53	4,228
Issuance of debt related to leases and subscriptions[(5)]	--	--	--	1,713	3,693
Total other Financing Sources/(Uses)	**$ 501**	**$ (9,745)**	**$ (36,868)**	**$ (7,330)**	**$ (25,131)**
Net change in fund balances	31,543	12,702	25,778	67,571	26,159
Fund balances, July 1	89,624	121,167	$ 133,869	$ 159,647	$ 227,218
Fund balances, June 30	**$ 121,167**	**$ 133,869**	**$ 159,647**	**$ 227,218**	**$ 253,377**

(1) Reflects revenue received from motor vehicle in-lieu fees, fire mutual aid, and cooperative agreements.

(2) The fluctuations in Fiscal Years 2020-21 and 2021-22 as compared to prior and subsequent years reflect the impact of the pandemic and inflation on City operations. In Fiscal Year 2020-21, the decrease is comprised of approximately $3.4 million in personnel savings and approximately $2.0 million in non-personnel savings. In Fiscal Year 2021-22, City operations picked up as the COVID-19 pandemic resided and City operations began a gradual return to historical levels. The increase in Fiscal Year 2022-23 is primarily attributable to an increase in personnel costs of approximately $6.2 million, which includes increases related to renegotiated employee bargaining agreements and one-time employee stipends.

(3) The increase in Fiscal Year 2022-23 is primarily attributable to an increase in personnel costs of approximately $10.9 million, which includes increases related to renegotiated employee bargaining agreements and one-time employee stipends.

(4) Increase in Fiscal Year 2022-23 due to approximately $11.0 million spent in automotive equipment, mainly helicopter components. The remainder was due to the implementation of GASB 96, an accounting standard regarding the recognition of subscription-based information technology arrangements.

(5) Beginning in Fiscal Year 2021-22, the City implemented GASB Statement No. 87—Leases, which generally requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Source: City Audited Financial Statements.

Budgetary Process and Administration

General. Consistent with the City Council's direction, City staff prepared a two-year budget for Fiscal Years 2024-25 and 2025-26. 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 a two-year budget provides the City Council, departments, and the public with greater certainty regarding ongoing funding and staffing for programs and services. 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 an opportunity to update revenue projections based on new data and trends. It also allows for a reevaluation of operating and capital needs, making adjustments as necessary to ensure the budget remains responsive to changing circumstances and accurately reflects the City's financial position. During the fiscal year, the City Council also receives quarterly financial reports that may include recommendations for adjusting revenue projections or updating expenditure budgets in response to emerging needs.

The City follows specific procedures when establishing the budgetary data reflected in its financial statements. From December through February of each fiscal year (now every other fiscal year), department heads prepare estimates of required appropriations for both operating and capital needs for the upcoming fiscal years. These estimates are compiled into a proposed biennial budget that includes a summary of proposed revenues and expenditures, along with historical data for the two preceding fiscal years. The City Manager presents the operating budget and capital improvement plan to the City Council for review, and public hearings are conducted to obtain citizen input. Following a mid-cycle review of the second budget year, the City Manager presents an amended budget proposal. The City Council then conducts a public hearing and re-adopts the budget for the second year, as the City's Charter requires annual budget adoption. The City Manager is legally authorized to transfer budgeted amounts between divisions and accounts within the same department and fund. However, transfers of appropriations between departments or funds, as well as any increases in appropriations, must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations at the departmental level within a fund.

In connection with the preparation of its biennial budgets, the City prepares Five-Year Financial Plans for the General Fund and Measure Z for the purpose of helping City policy makers and management to understand the fiscal gaps that may exist between revenue forecasts and projected expenditure requirements. The Five-Year Financial Plans provide a guide for establishing City department budget targets, which are intended to be used by City departments to develop budget proposals that are constrained by the resources anticipated to be available in the upcoming fiscal year.

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

Tables 4 and 5 report the General Fund and Measure Z Operating Fund combined, consistent with the reporting of those funds in the City's Annual Comprehensive Financial Report.

Fiscal Year 2022-23 Budget versus Actuals. Table 4 summarizes the final budget and audited actual results of the General Fund, inclusive of the Measure Z Operating Fund, for the City of Riverside for Fiscal Year 2022-23.

Table 4
CITY OF RIVERSIDE
GENERAL FUND FINAL BUDGET VERSUS ACTUALS
(Fiscal Year 2022-23)
(Amounts Expressed in Thousands)

	2022-23 Final Budget	*2022-23 Actual*	*Variance*
Revenues			
Taxes	$ 306,594	$ 310,520	$ 3,926
Licenses and permits	11,128	12,446	1,318
Intergovernmental	1,441	2,720	1,279
Charges for services	15,104	16,393	1,289
Fines and forfeitures	1,894	1,131	(763)
Special assessments	542	305	(237)
Rental and investment income	2,946	4,632	1,686
Miscellaneous	1,680	4,345	2,665
Total revenues	**$ 341,329**	**$ 352,492**	**$ 11,163**
Expenditures			
General government, net of allocated expenditures	$ 37,047	$ 16,703	$ (20,344)
Public Safety	230,696	207,820	(22,876)
Highways and streets	28,840	21,274	(7,566)
Culture and recreation	41,710	36,259	(5,451)
Capital Outlay	22,143	16,815	(5,328)
Debt service: Principal	--	2,103	2,103
Debt service: Interest and fiscal charges	--	228	228
Total expenditures	**$ 360,436**	**$ 301,202**	**$ (59,234)**
Other Financing Sources/(Uses)			
Transfers in	$ 77,964	$ 67,229	$ (10,735)
Transfers out	(111,754)	(100,281)	11,473
Proceeds from sale of capital assets	--	4,228	4,228
Issuance of debt related to leases and subscriptions	--	3,693	3,693
Total Other Financing Sources/(Uses)	**(33,790)**	**(25,131)**	**8,659**
Net change in fund balance	$ (52,897)	$ 26,159	$ 79,056
Fund balance, beginning	**227,218**	**227,218**	**--**
Fund balance, ending	**$ 174,321**	**$ 253,377**	**$ 79,056**

Source: City Audited Financial Statements.

Fiscal Year 2023-24 Budget. The City Council adopted the Fiscal Year 2022-2024 biennial budget on June 21, 2022. On June 27, 2023, the City Council approved amendments to the budget for Fiscal Year 2023-24 (the "Fiscal Year 2023-24 Amended Budget"), which included an increase in revenue projections totaling approximately $20.7 million and an increase in budget appropriations totaling approximately $25.8 million in the General Fund. The Fiscal Year 2023-24 Amended Budget projected a net gain of approximately $6.7 million in the General Fund and included a planned draw on unassigned reserves of $12.3 million in the Measure Z Operating Fund. The Fiscal Year 2023-24 Amended Budget is presented in Table 5. The beginning fund balance for the Fiscal Year 2023-24 Amended Budget includes the Committed and Unassigned fund balances.

During the fiscal year, the City Council approves adjustments to the adopted budget, including updated revenue projections and supplemental appropriations. Such changes for Fiscal Year 2023-24 are reflected in the "Fiscal Year 2023-24 Final Budget" column in Table 5. The Fiscal Year 2023-24 Final Budget column in

Table 5 also includes prior year encumbrances and the carryover of unexpended funds in the approximate amount of $35 million; such amount comprises the Assigned fund balance in the City's Annual Comprehensive Financial Report ended June 30, 2023. Accordingly, the beginning fund balance presented in the Fiscal Year 2023-24 Final Budget column includes the Committed, Assigned, and Unassigned fund balances.

Fiscal Year 2024-2026 Biennial Budget. The City Council adopted the City's Fiscal Year 2024-2026 biennial budget on June 25, 2024, which includes General Fund incoming resources of approximately $422.7 million and $436.2 million for Fiscal Years 2024-25 and 2025-26, respectively, and General Fund outgoing resources of approximately $438.5 million and $446.2 million for Fiscal Years 2024-25 and 2025-26, respectively. The Fiscal Year 2024-2026 biennial budget is bolstered by strong property tax performance due to recent increases in assessed values, alongside new revenue sources such as the March JPA tax and revenue sharing agreement, and a new cannabis tax, enabling General Fund revenues to keep pace with costs.

The March JPA tax and revenue sharing agreement is a tax sharing agreement to distribute revenues from the former March Air Force Base among impacted public agencies (such as the City), including one-time revenues from property sales within the former Air Force base, as well as ongoing revenues such as property taxes, sales taxes and transient-occupancy taxes. The City currently expects to receive approximately $2.6 million annually from such revenue sources. The new cannabis tax is expected to generate an additional approximately $1 to $2 million annually in General Fund revenues.

The Fiscal Year 2024-2026 biennial budget prioritizes the following:

Financial Stability. Ensuring fiscal health and resilience through responsible short- and long-term financial management, setting appropriate cost recovery for city services, identifying new revenue sources, and addressing critical needs sustainably.

Public Safety. Allocating resources to law enforcement, fire protection, and community safety, with investments in crime prevention and response capabilities.

Housing & Homelessness. Investing in affordable housing, supportive services, and homeless prevention programs to provide shelter and pathways to stable housing for vulnerable populations.

City Infrastructure. Investing in the maintenance, improvement, and expansion of transportation, parks, and public facilities, with a focus on repairing aging infrastructure and promoting sustainable development.

Economic Growth. Cultivating economic growth, job creation, and business development to enhance the City's financial prosperity, attract investments, support local businesses, and champion workforce advancement initiatives.

The General Fund, excluding Measure Z, is balanced in accordance with the City's balanced budget policy and will use a small portion of committed reserves to supplement budgeted contributions to the Section 115 Trust. As per Council action related to the Fiscal Year 2022-23 year-end financial report, approximately $35 million was set aside to offset Section 115 Trust contributions as needed and alleviate pressure on the General Fund budget. Proposed uses of approximately $9.11 million are included in the Fiscal Year 2024-2026 biennial budget.

The Measure Z Operating Fund currently holds an unassigned reserve balance of approximately $47 million, primarily due to a significant increase in Measure Z sales tax revenues during the pandemic. These funds are planned to be strategically drawn down through Fiscal Year 2027-28, augmenting funding for infrastructure, vehicle replacement, technology, and public safety. The Fiscal Year 2024-26 biennial budget includes draws on unassigned reserves in the Measure Z Operating Fund of $19.8 million in Fiscal Year 2024-25 and $14.6 million in Fiscal Year 2025-26.

Table 5 summarizes the budget projections for the General Fund and Measure Z for Fiscal Years 2024-25 and 2025-26, as outlined in the 2024-2026 adopted biennial budget, along with the Fiscal Year 2023-24 Amended Budget and the Fiscal Year 2023-24 Final Budget.

Table 5
CITY OF RIVERSIDE
GENERAL FUND BUDGET (FISCAL YEAR 2023-24) AND
ADOPTED BIENNIAL BUDGET (FISCAL YEARS 2024-25 AND 2025-26)
(Amounts Expressed in Thousands)

	Amended Budget 2023-24[(1)]	*Final Budget 2023-24*[(2)]	*Adopted Budget 2024-25*	*Adopted Budget 2025-26*
Incoming Resources				
Property Tax	$ 84,431	$ 88,827	$ 92,591	$ 97,220
Sales & Use Tax	178,194	173,985	177,556	182,778
Cannabis Business Tax	--	--	500	1,000
Utility Users Tax	33,522	32,918	34,942	37,155
Transient Occupancy Tax	8,582	8,434	8,709	8,970
Franchise Fees	5,844	6,595	6,907	7,213
License & Permits	10,029	11,291	11,958	12,999
Charges for Services	18,286	18,423	20,497	20,902
Other Revenues	7,597	9,701	10,144	9,905
Other Financing Sources	--	1,934	5,503	1,650
General Fund Transfer – Electric[(3)]	44,637	45,289	44,882	47,016
General Fund Transfer – Water[(3)]	8,566	8,107	8,523	9,183
Transfers In from Other Funds	--	3,642	--	250
Total Incoming Resources	**$ 399,688**	**$ 409,146**	**$ 422,712**	**$ 436,241**
Outgoing Resources				
Mayor	$ 934	$ 956	$ 997	$ 1,071
City Council	1,638	1,638	1,696	1,799
City Manager	9,122	9,824	4,547	4,968
City Clerk	2,219	2,351	2,066	2,224
Office of the City Attorney	5,837	6,304	6,431	6,955
Marketing & Communications[(4)]	--	--	3,000	2,337
Human Resources	4,396	4,909	6,950	6,817
General Services	5,687	5,966	8,120	8,327
Finance	7,415	8,655	8,445	9,082
Innovation & Technology	14,707	18,853	16,684	17,568
Housing & Human Services[(4)]	--	6,064	9,247	9,519
Community Development	24,321	27,155	19,201	19,103
Police	133,315	139,692	144,614	146,909
Fire	70,840	76,519	77,345	80,794
Public Works	24,232	30,621	29,208	29,977
Library	8,753	9,042	10,386	11,003
Parks, Recreation & Comm Svcs	26,237	28,915	35,161	35,642
Museum	2,703	2,988	2,553	2,692
Non-Departmental	(1,395)	(218)	(3,186)	(4,016)
Net Allocated Expenditures	(24,105)	(24,105)	(22,176)	(22,831)
Transfers Out to Other Funds	88,765	108,875	77,239	76,261
Total Outgoing Resources	**$ 405,621**	**$ 465,004**	**$ 438,528**	**$ 446,201**
Revenue over/(under) expenditures	$ (5,933)	$ (55,858)	$ (15,816)	$ (9,960)
Fund balance, beginning[(5)]	**183,001**	**218,567**	**162,709**	**146,893**
Fund balance, ending[(5)]	**$ 177,068**	**$ 162,709**	**$ 146,893**	**$ 136,933**

(1) Based on the Fiscal Year 2023-24 Amended Budget adopted by the City Council on June 27, 2023. Fund Balance excludes Assigned amounts which fund prior year carryovers and encumbrances.

[Footnotes continued on following page.]

[Footnotes continued from previous page.]

(2) Reflects the Fiscal Year 2023-24 Amended Budget as well as adjustments approved by the City Council throughout Fiscal Year 2023-24. Includes prior year encumbrances and carryover of unexpended funds from Fiscal Year 2022-23; accordingly, Fund Balance includes Assigned amounts.

(3) See the captions "RISK FACTORS— Utility Transfers; Articles XIIIC and XIIID of the State Constitution" and "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Revenue Transfers from Water Utility and Electric Utility" in the Official Statement.

(4) The Housing & Human Services Department was created in mid-Fiscal Year 2023-24, largely extracted from the Community & Economic Development Department. The Marketing & Communications Department was extracted from the City Manager's Department and established as a stand-alone department with the 2022-2024 biennial budget.

(5) Fund Balance includes Committed, Assigned, and Unassigned with noted exceptions; change in reserves includes programmed draws on reserves.

Source: City of Riverside.

American Rescue Plan Act Funds. The federal American Rescue Plan Act ("ARPA") was signed into law by the President on March 11, 2021. ARPA is a $1.9 trillion economic stimulus package designed to provide relief in response to the economic and public health impacts of the COVID-19 pandemic. The City received $73.5 million in total federal funding from ARPA, allocated to the City in two equal tranches received by the City during Fiscal Years 2021-22 and 2022-23. The City Council adopted an ARPA Expenditure Plan, listing the allocation of funds to specific endeavors, in alignment with ARPA guidelines. Notable allocations in the City's ARPA Expenditure Plan include: approximately $22.8 million toward parks infrastructure, including approximately $8 million toward the construction of the Bordwell Gymnasium; business/economic support, including grants for small- and micro-business grants and non-profits and a Nonprofit Revolving Loan Fund; workforce development, including career connection hubs in City libraries and workforce and job skills programs; and community support, including food services for teens and seniors, at-risk teen wellness classes, childcare support, knowledge retention programs, and an affordable housing fund.

As of August 2024, the City had expended approximately $40.8 million of the total ARPA funding. The remaining funding must be encumbered by December 31, 2024, and expended by December 2025. ARPA activity is recorded in a special revenue fund separately from the General Fund. As of August 2024, approximately $17 million had been transferred to the General Fund as revenue loss, expendable for ARPA compliant purposes.

General Fund Reserves

The following table illustrates the General Fund reserves of the City for Fiscal Years 2013-14 through 2022-23. The City's policy is to maintain its General Fund reserves, at a minimum, in an amount equal to 15% of the next fiscal year's budgeted expenditures, and as often as possible, in an amount equal to 20% of the next fiscal year's budgeted expenditures. The Measure Z reserve policy mandates a $5 million reserve for the Measure Z fund. Both reserves are available for use at the City Council's discretion. The City is currently in compliance with these reserve policies.

In addition to the reserves described above, the City established an infrastructure reserve in Fiscal Year 2021-22 and a technology reserve in Fiscal Year 2023-24. Both of these reserves are intended to help the City address critical needs or leverage opportunities as they arise. For example, the City Council approved the use of $3.5 million from the infrastructure reserve to provide a grant match for the construction of the new SPC Jesus S. Duran Eastside Library. Additionally, the City set aside $35 million in surplus funds in a Section 115 Trust set-aside from Fiscal Year 2022-23 to supplement contributions to the Section 115 Trust for the long-term fiscal management of rising retirement costs. These three reserves are held within the committed fund balance and are available for appropriation by Council action.

Table 6 includes all reserves available to spend by Council action (Committed and Unassigned).

Table 6
CITY OF RIVERSIDE
GENERAL FUND RESERVES
(As of June 30)
(Dollar Amounts Expressed in Thousands)

Fiscal Year	*Ending Reserves*[(1)(2)]	*Percent Change*	*% of Following Fiscal Year Expenditures*[(2)]	*Measure Z*[(3)]
2013-14	$ 37,732	(0.1)	12.9	--
2014-15	39,059	3.5	12.6	--
2015-16	29,495	(24.5)[(4)]	9.7	--
2016-17	37,129	25.9[(5)]	13.7	$ 2,154
2017-18	53,800	44.9[(5)]	19.8	7,644
2018-19	64,582	20.0	23.8[(6)]	25,241
2019-20	69,921	8.3	24.5	30,543
2020-21	80,519	15.2	29.2	41,671
2021-22	106,621	32.4	33.1	46,088
2022-23	131,001	22.9	36.0	52,000

(1) Reflects General Fund reserves only. Beginning in Fiscal Year 2016-17, the aggregate of Ending Reserves and Measure Z represents the fund balances classified as Committed or Unassigned in accordance with GASB 54, in the General Fund's balance sheet.

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

(3) Measure Z is a 1.0% Transaction and Use Tax approved on November 8, 2016, which expires in 2036. Funds are accounted for separately but are available for General Fund obligations. See "—Measure Z."

(4) 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.

(5) Increase in Fiscal Year 2016-17 and 2017-18 is primarily attributable to transfers from the Measure Z fund intended to help the General Fund achieve the 20% reserve goal per the General Fund Reserve Policy adopted in September 2016. Additionally, Fiscal Year 2016-17 was reimbursed for the Riverside Avenue grade separation project which had negatively impacted reserves in the prior year.

(6) Subsequent to the issuance of the certified audited financial statements for Fiscal Year 2018-19, the City Council committed General Fund reserves in excess of 20% to the City's Section 115 Pension Trust Fund.

Source: City of Riverside.

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 7
CITY OF RIVERSIDE
GENERAL FUND TAX REVENUE BY SOURCE
(Amounts Expressed in Thousands)

	Fiscal Year					
	2018-19	***2019-20***	***2020-21***	***2021-22***	***2022-23***	***2023-24***(4)
Sales & Use Tax(1)	$130,645	$128,653	$150,321	$173,933	$177,722	$174,300
Property Taxes(2)	69,343	72,609	71,986	79,790	84,751	90,384
Utility Users Tax	28,009	29,044	30,577	32,464	34963	32,217
Other Taxes(3)	12,419	11,402	11,328	14,719	15,009	15,473
Total Taxes	$240,416	$241,708	$264,212	$300,906	$312,445	$312,374

(1) Sales & Use Tax includes revenues from Measure Z.
(2) Property Taxes include Property Transfer Tax as well as the property tax received in lieu of vehicle license fees. Also includes $19 per year parcel tax levied by the City for library operations until the tax expired on June 30, 2022.
(3) Other Taxes consists of Transient Occupancy Tax and Franchise Taxes. See "—Other Taxes—*Franchise Taxes*" herein for a description of these taxes.
(4) Unaudited.
Source: City of Riverside Annual Financial Reports for Fiscal Years 2018-19 through 2022-23; City of Riverside unaudited data for Fiscal Year 2023-24.

Sales Taxes

Sales and use taxes represented the largest source of General Fund revenue to the City in Fiscal Year 2023-24. 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 8
CITY OF RIVERSIDE
Sales Tax Rates
Effective January 1, 2024

State General Fund	6.00%
City (Measure Z)	1.00
County	0.25
Special	1.50
Total	8.75%

Source: California Department of Tax and Fee Administration.

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 State Board of Equalization's December 2022 Publication No. 61 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://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 State Board of Equalization. Under the Sales Tax Law, all sales and use taxes collected by the State Board of Equalization under a contract with any local jurisdiction (like the City) are required to be transmitted by the Board of Equalization to such local jurisdiction periodically as promptly as feasible. These transmittals are required to be made at least twice in each calendar quarter. According to the State Board of Equalization, 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 State Board of Equalization 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 State Board of Equalization 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 Board of Equalization 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 9
CITY OF RIVERSIDE
TAXABLE SALES BY CATEGORY
For Calendar Years 2013 Through 2022
(Dollars in thousands)

	2013	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*
Apparel Stores	$ 178,349	$ 188,670	$ 203,001	$ 214,852	$ 210,158	$ 212,036	$ 210,439	$ 147,176	$ 249,034	$ 232,964
General Merchandise	463,355	475,147	477,903	478,538	465,490	470,386	465,234	426,500	617,257	460,364
Food Stores	193,368	209,022	217,902	168,854	169,922	184,278	185,859	202,647	208,060	225,764
Eating and Drinking Places	447,841	483,901	533,317	582,262	609,705	639,995	677,763	587,403	788,765	875,980
Building Materials	454,468	514,993	567,790	636,415	666,907	738,178	761,881	813,584	1,010,364	1,265,631
Auto Dealers and Supplies	1,280,633	1,461,217	1,548,385	1,608,231	1,588,854	1,621,311	1,672,475	1,728,498	2,084,828	2,111,240
Service Stations	418,110	413,128	370,257	338,762	360,830	432,991	434,162	327,119	527,973	644,484
Other Retail Stores	550,157	595,305	633,089	692,375	677,850	666,659	636,043	609,428	764,854	743,571
All Other Outlets	1,154,492	1,312,607	1,461,982	1,474,160	1,481,019	1,700,733	1,701,236	1,995,760	2,099,827	2,545,362
Total	$5,140,773	$5,653,990	$6,013,626	$6,194,449	$6,230,735	$6,666,567	$6,745,092	$6,838,115	$8,350,962	$9,105,360

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. 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. The table below sets forth the history of Measure Z sales tax revenues by the City:

Table 10
CITY OF RIVERSIDE
MEASURE Z SALES TAX REVENUES
For Fiscal Years 2016-17 Through 2023-24
(Dollars in thousands)

Fiscal Year Ended June 30	*Measure Z Sales Tax Revenues*
2017	$12,605
2018	56,202
2019	62,283
2020	62,380
2021	71,999
2022	83,157
2023	84,016
2024(1)	81,893

(1) Unaudited.
Source: City of Riverside.

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 are deposited and tracked in separate funds in the City's budget and are subject to an annual independent audit. However, Measure Z funds are available for General Fund obligations, including payment of the Bonds. See the caption "—Accounting and Financial Reporting—*Measure Z*."

Ad Valorem Property Taxes

Property taxes represented the second largest source of General Fund revenues for the City in Fiscal Year 2023-24. 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. The assessed value and estimated actual value of taxable property in the City for the past ten calendar years for which data is available are set forth in the following table.

Table 11
CITY OF RIVERSIDE
ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
For Fiscal Years Ended June 30, 2015 Through June 30, 2024
(Dollars in thousands)

Fiscal Year Ended June 30	*Secured*	*Unsecured*	*Less: Exemptions*	*Taxable Assessed Value*
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
2019	30,196,815	1,420,597	(10,818,883)	20,798,529
2020	31,856,912	1,466,408	(10,946,897)	22,376,423
2021	33,717,485	1,482,535	(11,915,468)	23,284,552
2022	35,353,418	1,736,131	(12,881,213)	24,208,336
2023	38,044,185	1,874,928	(14,108,558)	25,810,555
2024[1]	40,681,352	2,076,413	(15,496,481)	27,261,284

[1] Unaudited.
Source: City of Riverside Annual Financial Reports.

Principal Property Taxpayers. Principal property taxpayers based on taxable assessed value for Fiscal Year 2023-24 are listed in the following table.

Table 12
CITY OF RIVERSIDE
PRINCIPAL PROPERTY TAXPAYERS
Fiscal Year 2023-2024
(Dollars in thousands)

Property Owner	*Type of Business*	*Taxable Assessed Value*	*Rank*	*Percentage of Total Taxable Assessed Value*
Riverside Healthcare System	Health Care	$ 335,070	1	0.81%
Kaiser	Health Care	294,946	2	0.71
Tyler Mall LP	Retail Sales	239,720	3	0.58
Nordstorm Inc	Retail Sales	224,690	4	0.54
CPT Riverside Plaza LLC	Retail Sales	174,076	5	0.42
Rohr Inc	Manufacturing	152,249	6	0.37
La Sierra University	Student Housing	144,233	7	0.35
TA Lance Drive LLC	Industrial	138,430	8	0.33
490 Columbia	Retail Fulfillment Center	135,287	9	0.33
Corona Pointe Resort LLC	Hospitality	132,292	10	0.32
Totals		$1,970,993		4.76%

Source: Riverside County Assessor

Property Tax Levies and Collections. Property tax levies and collections with respect to taxable property in the City for the past ten calendar years for which data is available are set forth in the following table.

Table 13
CITY OF RIVERSIDE
PROPERTY TAX LEVIES AND COLLECTIONS
For Fiscal Years 2015 through 2024
(Dollars in thousands)

		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***
2015	$48,846	$48,427	99.14%	$419	$48,846	100.00%
2016	50,023	49,585	99.12	-	50,023	100.00
2017	53,655	53,252	99.25	-	53,655	100.00
2018	57,567	57,173	99.32	-	57,567	100.00
2019	63,003	62,557	99.29	-	63,003	100.00
2020	66,295	65,729	99.15	-	66,295	100.00
2021	68,363	67,968	99.42	-	68,363	100.00
2022	71,892	71,573	99.56	-	71,892	100.00
2023	78,685	78,228	99.42	-	78,228	99.42
2024(1)	84,918	84,330	99.31	-	84,330	99.31

(1) Unaudited.
Source: 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.

Utility Users Taxes

Utility Users taxes represented the third largest source of General Fund revenue to the City for Fiscal Year 2023-24. 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. A five year history showing revenues collected from this tax is shown in Table 7 above.

Other Taxes

Franchise Taxes. The City levies a franchise tax on its cable television, trash collection, and ambulance service. For Fiscal Year 2022-23, these taxes produced $6,422,000 of General Fund revenues.

Business License Taxes. The City levies a business license tax based principally on gross receipts and on number of employees. For Fiscal Year 2022-23, these taxes produced $9,557,000 of General Fund revenues.

Transient Occupancy Taxes. The City levies a 13% transient occupancy tax on hotel and motel bills. For Fiscal Year 2022-23, these taxes produced $8,587,000 of General Fund revenues.

Property Transfer Taxes. A documentary stamp tax is assessed for recordation of real property transfers. For Fiscal Year 2022-23, these taxes produced $2,780,000 of General Fund revenues.

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 Transfers from Water Utility and Electric Utility" for a description of certain transfers to the General Fund from the City's water utility (in the unaudited amount of approximately $8.1 million in Fiscal Year 2023-24) and the City's electric utility (in the unaudited amount of approximately $44.6 million in Fiscal Year 2023-24).

Short-Term Obligations

The City did not enter into any short-term obligations for Fiscal Year 2023-24 and does not expect to enter into any such obligations for Fiscal Year 2024-25.

Long-Term Obligations

Set forth below is a summary of the City's outstanding General Fund obligations.

Pension Obligation Bonds. In Fiscal Year 2016-17, the City issued the City of Riverside Taxable Pension Obligation Refunding Bonds, 2017 Series A (the "2017 Bonds") in the initial aggregate principal amount of $31,960,000 to refund a portion of the unfunded actuarial accrued liability for the City's Miscellaneous employees, and proceeds from the bonds were used to repay the latest in a series of pension obligation notes and bonds, the proceeds of the first series of which were deposited with the California Public Employees' Retirement System ("PERS"). As of June 30, 2024, the City had $10,430,000 principal amount of 2017 Bonds outstanding.

In Fiscal Year 2019-20, the City issued the City of Riverside Taxable Pension Obligation Bonds, 2020 Series A (the "2020 Bonds") in the initial aggregate principal amount of $432,165,000 to refund a portion of the unfunded actuarial accrued liability for Miscellaneous and Safety employees. As of June 30, 2024, the City had $398,765,000 principal amount of 2020 Bonds outstanding.

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 June 30, 2024, the outstanding certificate of participation and lease revenue bond obligations and their outstanding principal balances were as set forth in the following table:

Table 14
CITY OF RIVERSIDE
SUMMARY OF LONG-TERM GENERAL FUND CERTIFICATE OF PARTICIPATION 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
2008 Certificates of Participation[2]	128,300,000	76,700,000	March 1, 2037
2012 Lease Revenue Bonds[3]	41,240,000	23,700,000	November 1, 2033
2019A Lease Revenue Refunding Bonds	15,980,000	12,465,000	November 1, 2036
2019B Lease Revenue Bonds	33,505,000	26,075,000	November 1, 2036
Subtotal	$ 274,205,000	$ 138,945,000	

(1) As of June 30, 2024.
(2) The City employed an interest rate swap with respect to the 2008 Certificates of Participation. See Note 7 (Derivative Instruments) to the City's Fiscal Year 2022-23 audited financial statements attached to the Official Statement as Appendix C. The City entered into a Direct Pay Letter of Credit with Bank of America, N.A., in connection with the 2008 Certificates of Participation that expires on March 31, 2026. See Note 8 (Letters of Credit) to the City's Fiscal Year 2022-23 audited financial statements attached to the Official Statement as Appendix C.
(3) The 2012 Bonds are expected to be refunded with a portion of the proceeds of the Series 2024A Bonds.

Bank Loan Financings. The City entered into a loan with Compass Mortgage Company, which subsequently became BBVA/Compass Mortgage, in 2011, and subsequently was acquired by PNC Bank in 2021, 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. Annual payments on this bank loan are approximately $1,747,000 and the loan matures in Fiscal Year 2031-32. As of June 30, 2024, the total amount outstanding was $11,285,152.

On July 19, 2012, the City entered into a Lease and Option to Purchase Agreement with PNC Bank formerly Compass Mortgage Corporation for the purpose of financing expansion and renovation of the City's Convention Center. The lease payments under the Lease and Option to Purchase Agreement bear interest at a variable rate, and 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.

Annual payments on this bank loan are approximately $2,036,000 and the loan matures in Fiscal Year 2035-36. Payment of the loan commenced on May 1, 2014, and as of June 30, 2024, the total amount outstanding was approximately $25,239,939.

Capital Lease Obligations. The City leases various equipment through capital leasing arrangements. The minimum lease obligations payable by the City as of June 30, 2023 are identified in Note 5 (Capital, Lease, and Subscription Assets) to the City's Fiscal Year 2022-23 audited financial statements. See Appendix B.

Since June 30, 2023, the City entered into a capital lease with JPMorgan Chase Bank, N.A., in the amount of $4,814,000 and maturing on July 25, 2031 relating to vehicle purchase by the City, and for which the City's General Fund is reimbursed from the City's water enterprise fund.

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 neither makes any 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.

Plan Description. The City contributes to PERS, an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State, including the City. Benefit provisions and all other requirements are established pursuant to State statute and City ordinance. Copies of PERS' annual financial report may be obtained from its executive office located at 400 Q Street, Sacramento, California 95811, or via http://www.calpers.ca.gov. The information on such website is not incorporated herein.

The City participates in a Miscellaneous Plan with three tiers within such plan: (i) a 2.7% at 55 Plan for employees hired prior to June 7, 2011 (SEIU) and October 19, 2011 (All others) with a 1-year final compensation calculation; (ii) a 2.7% at 55 Plan for employees hired between June 7, 2011 (SEIU) or October 19, 2011 (All others) and December 31, 2012 with a 3-year final compensation calculation; and (iii) a 2.0% at 62 Plan for employees hired after December 31, 2012. Participants in the 2.7% at 55 Plan are required to contribute 8% of their annual covered salary; and participants in the 2.0% at 62 Plan are required to contribute 50% of the normal cost, which is established by PERS every fiscal year.

The City also participates in two Safety Plans; Safety-Fire and Safety-Police with three tiers each. The Safety-Fire plan includes (i) a 3.0% at 50 Plan for employees hired prior to June 10, 2011; (ii) a 3.0% at 55 Plan for employees hired between June 11, 2011 and December 31, 2012, , and (iii) a 2.7% at 57 Plan for employees hired on or after December 31, 2012. Participants in the 3.0% at 50 Plan and 3.0% at 55 Plan are required to contribute 11% of their annual covered salary and participants in the 2.7% at 57 Plan are required to contribute 50% of the normal cost, which is established by PERS every fiscal year. The Safety-Police plan includes (i) a 3.0 %. at 50 Plan for employees hired prior to February 16, 2012 with a a-year final compensation calculation; (ii) a 3.0% at 50 Plan for employees hired between February 17, 2012 and December 31, 2012 with a 3-year final compensation calculation; and (iii) a 2.7% at 57 Plan for employees hired on or after December 31, 2012. Participants in the 3.0% at 50 Plan are required to contribute between 5% and 6.5% depending on their MOU, of their annual covered salary and participants in the 2.7% at 57 Plan are required to contribute 50% of the normal cost, which is established by PERS every fiscal year.

Funding Policy. City employees' contribution rates in pension tiers 1 and 2 range from 5% to 11% for Safety employees and 8% for Miscellaneous employees, calculated as a percentage of their monthly earnings. The City pays a portion of 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 of the employee contribution. 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% of covered pay for Miscellaneous employees and 12% of covered pay for Safety employees, as required by PEPRA.

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

Table 15
CITY OF RIVERSIDE
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***
	Tier 1: 3.0% @ 50	Tier 1: 1 Year	--	January 1, 2019(4)
Safety – Fire	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
	Tier 1: 3.0% @ 50	Tier 1: 1 Year	--	January 1, 2018(5)
Safety – Police(1)	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
	Tier 1: 2.7% @ 55	Tier 1: 1 Year	--	January 1, 2019(6)
Miscellaneous	Tier 2: 2.7% @ 55	Tier 2: 3 Years	December 16, 2011	October 19, 2011
	Tier 3: 2.5% @ 62(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) Tier 1 employees currently pay annually 11.0% of covered pay towards PERS normal cost.
(5) Tier 1 employees currently pay annually between 5.0% and 5.5% of covered pay towards PERS normal cost.
(6) SEIU and SEIU Refuse employees, IBEW, and unrepresented employees currently pay annually 8.0% of covered pay towards PERS normal cost.
Source: City of Riverside.

The contribution requirements of plan members and the City are established and may be amended by PERS.

Funding Status. As of June 30, 2023, the date of the most recent PERS actuarial valuation report, the market value of assets in the Safety Plan was approximately $1,214,358,606 and the accrued liability was approximately $1,415,523,647. The Safety Plan was approximately 85.8% funded on a market value of assets basis as of June 30, 2023, with an unfunded accrued liability of approximately $201,165,041. As of June 30, 2023, the date of the most recent actuarial valuation report, the market value of assets in the Miscellaneous Plan was approximately $1,517,524,223, and the accrued liability was approximately $1,752,961,359. The Miscellaneous Plan was approximately 86.6% funded on a market value of assets basis as of June 30, 2023, with an unfunded accrued liability of approximately $235,437,136.

The following tables, for the Safety Plan and the Miscellaneous Plan, respectively, set forth the market value of the plans' assets and funded status as of the valuation dates from June 30, 2019 through June 30, 2023 and the total employer contributions made by the City for such fiscal years. The two tables are based on PERS actuarial reports for those years:

Table 16
CITY OF RIVERSIDE
HISTORICAL FUNDING STATUS
(Miscellaneous Plan)

Valuation Date June 30	*Accrued Liability*	*Market Value of Assets (MVA)*	*Unfunded Accrued Liability (UAL)*	*MVA Funded Status*	*Affects City Contribution Rate for Fiscal Year*	*Annual Covered Payroll*	*City Contribution Amount*[1]	*UAL as a Percentage of Payroll*
2019	$1,462,992,745	$1,138,310,022	$324,682,723	77.8%	2021-22	$126,381,375	$28,649,719	256.9%
2020	1,520,527,010	1,368,575,052	151,951,959	90.0	2022-23	129,401,884	29,351,027	117.4
2021	1,570,873,013	1,638,143,404	(67,270,391)	104.30	2023-24	128,059,046	18,864,674	(52.5)
2022	1,639,823,585	1,473,674,465	166,149,120	89.9	2024-25	129,289,938	23,609,334	128.5
2023	1,752,961,359	1,517,524,223	235,437,136	86.6	2025-26	145,914,865	35,051,451	161.4

(1) 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 has multiple pension tiers, with new employees paying their own contribution to the plan.

Source: PERS Actuarial Reports for June 30, 2019 through June 30, 2023.

Table 17
CITY OF RIVERSIDE
HISTORICAL FUNDING STATUS
(Safety Plan)

Valuation Date June 30	*Accrued Liability*	*Market Value of Assets (MVA)*	*Unfunded Liability*	*MVA Funded Status*	*Affects City Contribution Rate for Fiscal Year*	*Annual Covered Payroll*	*City Contribution Amount*[1]	*UAL as a Percentage of Payroll*
2019	$1,170,505,908	$830,071,258	$340,434,650	70.9%	2021-22	$71,871,876	$28,099,309	473.7%
2020	1,224,489,686	1,083,863,652	140,626,652	88.5	2022-23	75,287,749	30,181,642	186.8
2021	1,306,957,978	1,301,859,055	5,098,923	99.6	2023-24	76,460,803	29,728,865	17.1
2022	1,359,932,481	1,175,328,746	184,603,735	86.4	2024-25	74,608,310	29,569,881	247.4
2023	1,415,523,647	1,214,358,606	201,165,041	85.8	2025-26	76,110,638	34,095,937	264.3

(1) 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 has multiple pension tiers, with new employees paying their own contribution to the plan.

Source: PERS Actuarial Reports for June 30, 2019 through June 30, 2023.

Assuming a fixed annual return of 6.80% on future employer contributions for Fiscal Year 2023-24 and beyond, the following tables show the employer contribution for Fiscal Year 2025-26 and the projected future employer contributions for the Miscellaneous and Safety plans for the next five fiscal years:

Table 18
CITY OF RIVERSIDE
PRESENT AND FUTURE EMPLOYER CONTRIBUTIONS
(Miscellaneous Plan)

Fiscal Year	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***
Normal Cost %	12.93%	12.6%	12.3%	12.0%	11.7%	11.5%
UAL Payment	$14,555,060	$18,325,000	$22,095,000	$25,865,000	$26,135,000	$26,135,000
Total as a % of Payroll	22.11%	23.9%	25.5%	27.0%	26.5%	25.9%
Projected Payroll	$158,518,109	$162,956,616	$167,519,401	$172,209,945	$177,031,823	$181,988,714
Total Employer Contribution(1)	**$35,051,451**	**$38,857,534**	**$42,699,886**	**$46,530,193**	**$46,847,723**	**$47,063,702**

(1) Equal to the Normal Cost % multiplied by the Projected Payroll, and added to the UAL Payment.
Source: PERS Actuarial Report for June 30, 2023.

Table 19
CITY OF RIVERSIDE
PRESENT AND FUTURE EMPLOYER CONTRIBUTIONS
(Safety Plan)

Fiscal Year	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***
Normal Cost %	22.41%	21.7%	21.0%	20.4%	19.8%	19.2%
UAL Payment	$15,566,315	$17,287,000	$19,042,000	$24,122,000	$24,643,000	$24,959,000
Total as a % of Payroll	41.24%	42.0%	42.8%	47.2%	46.5%	45.5%
Projected Payroll	$82,684,615	$84,999,784	$87,379,777	$89,826,412	$92,341,551	$94,927,115
Total Employer Contribution(1)	**$34,095,937**	**$35,731,953**	**$37,391,753**	**$42,446,588**	**$42,926,627**	**$43,185,006**

(1) Equal to the Normal Cost % multiplied by the Projected Payroll, and added to the UAL Payment.
Source: PERS Actuarial Report for June 30, 2023.

Benefits Provided. PERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit Level III, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Employees Covered. At June 30, 2023, the following employees were covered by the benefit terms of each Plan: Inactive employees or beneficiaries currently receiving benefits are 2,420 and 885 for the Miscellaneous and Safety Plans, respectively. Inactive employees entitled to but not yet receiving benefits are 1,537 and 197 for Miscellaneous and Safety Plans, respectively. Active employees were 1,652 and 562 for Miscellaneous and Safety Plans, respectively.

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by PERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability. The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	***Safety***
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Salary Increase	Varies by entry age and service	
Mortality Rate Table[(1)]	Derived using CAL PERS' membership data for all funds	
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.	

(1) The mortality table used was developed based on PERS-specific data. The probabilities of mortality are based on the 2021 PERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the PERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the PERS website.

Discount Rate – The discount rate used to measure the total pension liability as of June 20, 2022 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, PERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

Changes of Assumptions – Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, PERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 PERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

Changes in the Net Pension Liability. The changes in the Net Pension Liability for each Plan were as follows:

Miscellaneous	***Increase (Decrease)****		
	Total Pension Liability	***Plan Fiduciary Net Position***	***Net Pension Liability/(Asset)***
Balance at June 30, 2021	$ 1,549,563	$ 1,638,246	$ (88,683)
Changes recognized for the measurement period:			
Service Cost	27,830	--	27,830
Interest on total pension liability	105,283	--	105,283
Changes of Assumptions	19,686	--	19,686
Differences between expected and actual experience	(17,684)	--	(17,684)
Contributions - employer	--	27,329	(27,329)
Contributions - employees	--	10,788	(10,788)
Net investment income	--	(122,366)	122,366
Benefit payments, including refunds of employee contributions	(79,265)	(79,265)	--
Administrative expenses	--	(1,020)	1,020
Net Changes	55,850	(164,534)	220,384
Balance at June 30, 2022	$ 1,605,413	$ 1,473,712	$ 131,701

Safety	***Liability***	***Net Position***	***Liability/(Asset)***
Balance at June 30, 2021	$ 1,250,329	$ 1,301,939	$ (51,610)
Changes recognized for the measurement period:			
Service Cost	25,734	--	25,734
Interest on total pension liability	87,761	--	87,761
Changes of Assumptions	43,994	--	43,994
Differences between expected and actual experience	(3,506)	--	(3,506)
Contributions - employer	--	24,810	(24,810)
Contributions - employees	--	10,557	(10,557)
Net investment income	--	(97,579)	97,579
Benefit payments, including refunds of employee contributions	(63,558)	(63,558)	--
Administrative expenses	--	(812)	812
Net Changes	90,425	(126,582)	217,007
Balance at June 30, 2022	$ 1,340,754	$ 1,175,357	$ 165,397

* Stated in thousands.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

Miscellaneous	*Discount Rate -1% (5.90%)*	*Current Discount Rate (6.90%)*	*Discount Rate +1% (7.90%)*
Plan's Net Pension Liability/(Asset)	$350,680	$131,701	$(48,111)

Safety	*Discount Rate -1% (5.90%)*	*Current Discount Rate (6.90%)*	*Discount Rate +1% (7.90%)*
Plan's Net Pension Liability/(Asset)	$349,445	$165,397	$14,687

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued PERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions. For the year ended June 30, 2023, the City recognized pension expense/(credit) of $(4,303) to the Miscellaneous Plan and $12,821 to the Safety Plan, for a total of $8,518. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous	*Deferred Outflows of Resources**	*Deferred Inflows of Resources**
Pension contributions subsequent to measurement date, net	$ 29,144	$ --
Changes of assumptions	13,534	--
Differences between expected and actual experience	893	(12,158)
Net differences between projected and actual earnings on plan investments	75,156	--
Total	$ 118,727	$ (12,158)

Safety	*Deferred Outflows of Resources*	*Deferred Inflows of Resources*
Pension contributions subsequent to measurement date, net	$ 26,195	$ --
Changes of assumptions	33,763	--
Differences between expected and actual experience	7,320	(2,691)
Net differences between projected and actual earnings on plan investments	60,326	--
Total	$ 127,604	$ (2,691)

* Stated in thousands.

Approximately $55,339 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year	*Miscellaneous**	*Safety**
2024	$ 13,763	$ 24,201
2025	11,797	20,530
2026	5,097	13,884
2027	46,768	40,103
Total	$ 77,425	$ 98,718

* Stated in thousands.

For additional information relating to the City's PERS Plans, see Note 16 to the City's financial statements set forth in Appendix B.

AB 340, Public Employee Pension Reform Act of 2013 (PEPRA). On September 12, 2012, the California Governor signed Assembly Bill 340 ("AB 340"), which implements pension reform in California. 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 nonsafety benefit formula of 2.5% at age 67; (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36month 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.

Pursuant to AB 340, the City established a new pension tiers 2.0% at 62 for Miscellaneous and 2.7% at 57 for Safety) for employees hired on or after January 1, 2013 who were not previously PERS members. The City has established these additional tiers as described above.

PERS Plan Actuarial Methods. The staff actuaries at PERS prepare annually an actuarial valuation which is typically delivered in the time period from July through October of each year (thus, the actuarial valuation dated July 2023 (the most recent valuation provided to the City) covered PERS' Fiscal Year ended June 30, 2022). The actuarial valuations express the City's required contribution which the City must contribute in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution requirement derived from the actuarial valuation as of June 30, 2022 affects the City's Fiscal Year 2024-25 required contribution). PERS rules require the City to implement the actuary's recommended rates.

The annual actuarially required contribution rates consist of two components: the normal cost and the unfunded accrued liability ("UAL"). 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 accrued liability (the "AAL") represents the actuarial present value of benefits that PERS will fund that are attributed to past years. The UAL represents an estimate of the actuarial shortfall between actuarial value of 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 UAL is based on several assumptions such as, among others, the expected rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAL 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 UAL may be considered an estimate of the unfunded actuarial present value of the benefits that PERS will pay 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 its PERS plans.

The PERS Chief Actuary considers various factors in determining the assumptions to be used in preparing the actuarial report. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability, and other factors. This experience study is generally done once every four years. The most recent experience study was completed in 2021 in connection with the preparation of actuarial recommendations by the PERS Chief Actuary as described below.

Beginning in Fiscal Year 2017-18, PERS began collecting employer contributions toward a pension plan's UAL as dollar amounts instead of the prior method of a percentage of payroll. According to PERS, this change was intended to address potential funding issues that could arise from a declining payroll or a reduction in the number of active members in the plan. Funding the UAL as a percentage of payroll could lead to underfunding of pension plans. Due to stakeholder feedback regarding internal needs for total contributions expressed as an estimated percentage of payroll, the PERS reports include such results in the contribution projection for informational purposes only. Contributions toward a pension plan's UAL will continue to be collected as set dollar amounts.

The PERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the PERS actuarial valuations, which adjustments may increase the City's required contributions to PERS in future years. Accordingly, the City cannot provide any assurances that the City's required contributions to PERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions. PERS earnings reports for Fiscal Years 2012-13 through 2022-23 report investment gains (and losses) of approximately 12.5%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7%, 4.7%, 21.3%, (6.1%), and 5.8%, respectively. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

PERS' discount rate was lowered from 7.00% to 6.80% in fall 2021. Lowering the discount rate means that employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 who were not previously PERS members will also see their contribution rates rise under AB 340.

On June 25, 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 ("GASB 68") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. GASB 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the new accounting standards change financial statement reporting requirements, they do not impact funding policies of the pension systems.

Retirement Programs and Other Post-Employment Benefits

Plan description. The City's defined benefit OPEB plan, Retiree Health Plan, provides continuation of medical (including prescription drugs) and dental coverage benefits to retirees and surviving spouses in the form of an implied rate subsidy. The Retiree Health Benefits plan is a single employer defined benefit OPEB plan administered by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided. Eligibility for continuation of coverage requires retirement from the City and PERS with at least 5 years of City service. The retiree is responsible for 100% of the premium cost for coverage, which is based on the blended experience of both the active and retired employees. The City is not required by law or contractual agreement to provide funding other than the pay-as-you-go amount necessary to provide current benefits to eligible retirees and beneficiaries. Retiree and spousal coverage terminates when the retirees becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility ago, which is currently age 65. However, retiree benefit continues to the surviving spouse if the retiree elects the PERS survivor annuity.

Employees covered by benefit terms – At June 30, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	206
Active plan members	2,014
Total	2,220

Significant Actuarial Assumptions Used in Calculating the Total OPEB Liability. The total OPEB liability was determined by actuarial valuation as of June 30, 2021 using the following actuarial assumptions:

Valuation Date:	June 30, 2021
Measurement Date:	June 30, 2022
Funding Policy:	Pay-as-you-go for implicit rate subsidy
Discount Rate:	3.54% per year net of expenses. This is based on the Bond Buyer 20 Bond Index.
Inflation Rate:	2.50% per annum
Salary Inflation:	2.75% per annum
Salary Increases	Since benefits do not depend on salary (as they do for pensions), this assumption is only used to determine the accrual pattern of the Actuarial Present Value of Projected Benefit Payments
Mortality	Based on the PERS 2017 Experience Study

Sensitivity analysis of total OPEB liability for healthcare cost trend rates. The following presents the total net OPEB liability, calculating using the healthcare cost trend rate of 4.00%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

	1% Decrease	***Current healthcare cost trend rates***	***1% Increase***
Total Net OPEB liability (in thousands)	$39,878	$45,471	$51,830

Sensitivity analysis of total net OPEB liability for discount rates. The following presents the total net OPEB liability, calculating using the discount rate of 3.54%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.55%) than the current rate:

	1% Decrease	***Current discount rate***	***1% Increase***
Total Net OPEB liability (in thousands)	$49,839	$45,471	$42,384

Change in total OPEB liability. For Fiscal Year 2022-23, the City recognized total OPEB expense of approximately $2,285,000. The following table shows the change in the total OPEB liability for the year ended June 30, 2023:

	2023
Beginning total OPEB liability	$ 48,770
Service cost	3,184
Interest	1,070
Changes of assumptions	(5,926)
Benefit of implied subsidy payments	(1,627)
Net changes	(3,299)
Ending total OPEB liability	$ 45,471

The following table shows the City's Employer Contributions for Fiscal Years 2021-22 and 2022-23, and its projected employer contributions through Fiscal Year 2030-31:

Fiscal Year	***Employer Contribution***
2021-22	$ 1,627,695
2022-23	1,835,717
2023-24	1,925,940[(1)]
2024-25	2,188,631[(1)]
2025-26	2,344,247[(1)]
2026-27	2,514,800[(1)]
2027-28	2,707,126[(1)]
2028-29	2,781,532[(1)]
2029-30	3,017,908[(1)]
2030-31	3,309,487[(1)]

[(1)] Projected.
Source: OPEB Actuarial Report for June 30, 2024.

The City established a Section 115 Pension Trust to help fund its OPEB Plan contributions on August 6, 2019. As of June 30, 2024, there was approximately $65 million on deposit in the Section 115 Pension Trust.

For additional information relating to the City's OPEB Plan, see Note 15 to the City's financial statements set forth in 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 35% of City full-time employees. Currently approximately 71% of all full-time City employees are covered by negotiated agreements, which have the following expiration dates:

Table 20
CITY OF RIVERSIDE
NEGOTIATED EMPLOYEE AGREEMENTS
(As of August 15, 2024)

Bargaining Unit	***Contract Expiration Date***	***Number of Employees***
Service Employees International Union (SEIU) – General	6/30/2025	804
Riverside Police Officers Association	12/31/2024	283
Riverside Police Officers Association – Supervisory	12/31/2024	47
Riverside Police Administrators' Association	12/31/2024	22
International Brotherhood of Electrical Workers	12/31/2024	187
International Brotherhood of Electrical Workers - Supervisory	12/31/2024	26
Riverside City Firefighters Association	12/31/2025	206
Riverside City Fire Management	12/31/2025	11
Service Employees International Union (SEIU) – Refuse	6/30/2025	30

Source: City of Riverside.

Since 1979 the City has not had an employee work stoppage. The total number of full-time employees that are unrepresented by a labor union association as of August 15, 2024 is 657.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Property insurance coverage has a limit of $1,000,000,000, with a deductible of $100,000. Earthquake and flood insurance coverage has a limit of $25,000,000, with a deductible of 5% (subject to $100,000 minimum for earthquake and $100,000 for flood). Workers' compensation insurance coverage has a limit of $25,000,000, with a self-insured retention of $3,000,000. The City has three General Liability policies: a primary and two excess General Liability policy. The primary General Liability policy coverage has a limit of $5,000,000 and the Excess General Liability policy provides an additional $20,000,000 of coverage, with a self-insured retention of $4,000,000. Both the primary and excess General liability policies cover general and auto liability claims including but not limited to Law Enforcement Liability and Public Officials errors and omissions. There has been one claim that has settled in the last three fiscal years that exceed the City's self-insured retention. Internal service funds have been established to account for and finance the uninsured risks of loss.

All funds of the City participate in the risk management program and make payments to the internal service funds based on actuarial estimates of the amounts needed to fund prior and current year claims and incidents that have been incurred but not reported. Interfund premiums are accounted for as quasi-external transactions and are therefore recorded as revenues of the internal service funds in the fund financial statements.

The following tables summarize the working capital and cash balances in the Self-Insurance Fund for Fiscal Years 2018-19 through 2022-23. The decline in the cumulative balance in the Self-Insurance Fund in recent years was due to actual versus budgeted claims. In response, in Fiscal Year 2012-13 the City began contributing $500,000 per year more than what was anticipated to fund claims for the fiscal year in an effort to begin to increase the cash balance on hand to pre-recession levels over a reasonable period of time. Unfortunately, significant and sustained negative claims experienced in that fiscal year and after resulted in a continued decline in the balance. In Fiscal Year 2014-15, the $500,000 contribution was increased to $2,800,000. This adjustment reversed the trend and resulted in an increase in the cash balance by the end of Fiscal Year 2014-15 to approximately $12,630,000. The additional funding contributions have been maintained annually since Fiscal Year 2014-15. Additionally, the City Council approved the Self-Insurance Trust Funds Reserve Policy on November 28, 2017, which establishes minimum cash balances for the City's Self Insurance

Trust Funds, which consist of the Workers' Compensation and General Liability Funds. Due to the long-term nature of the majority of the liabilities of these funds, there is no expectation that cash would ever need to equal the total booked liabilities of the funds. The City carries insurance against cybersecurity incidents as part of our broader risk management strategy, providing an additional layer of protection against potential financial losses resulting from cybersecurity incidents.

Table 21
CITY OF RIVERSIDE
SELF-INSURANCE FUND
(in thousands)

Fund	***2018-19***	***2019-20***	***2020-21***	***2021-22***	***2022-23***
Self-Insurance Fund Balance[(1)]	$(24,436)	$(24,840)	$(32,395)	$(34,578)	$(24,729)
Self-Insurance Fund Cash[(2)]	25,749	30,827	45,591	45,591	29,386

(1) Reflects the consolidated obligations of the Liability Workers Compensation, and Unemployment Liability trust funds, less current resources available to pay those obligations shown as "Self-Insurance Fund Cash" in the table.
(2) Reflects the consolidated cash balances for the liability, workers' compensation, and unemployment insurance trust funds, including interfund advances receivable, which are considered liquid by the City due to their ability to be moved to other funds when cash is needed for other purposes.
Source: City of Riverside.

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 City's investment policy is reviewed at least annually with the Investment Committee to ensure its consistency with the overall objectives of preservation of principal, liquidity, and yield as well as its relevance to current law and financial and economic trends. Any amendments to the policy are forwarded to City Council for approval. The amended investment policy can be readopted by resolution of the City Council as needed. The most recently revised Investment Policy for the City was adopted on April 21, 2020 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 monthly 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 March 31, 2024, had a market value of $1.366 billion. The following table illustrates the investments as of March 31, 2024.

Table 22
CITY OF RIVERSIDE
INVESTMENT PORTFOLIO
(As of March 31, 2024)

Type	***Amortized Cost***	***Market Value***
POOLED INVESTMENT PORTFOLIO		
Deposit Accounts	$ 51,877,988.01	$ 1,877,988.01
Joint Powers Authority Pool	126,289,752.67	126,289,752.67
Medium Term Notes	207,134,662.28	201,925,782.13
U.S. Government Mortgage-Backed Securities	32,632,908.13	31,711,926.89
Asset Back Securities	79,667,082.07	79,384,044.76
Supranational Securities	69,913,517.55	68,453,699.93
U.S. Government Agency Securities	112,263,680.60	108,230,701.43
U.S. Government Treasury Securities	341,537,505.76	337,093,614.36
TOTAL POOLED INVESTMENT PORTFOLIO	$ 1,021,317,097.07	$ 1,004,967,510.18
Investments Held by Fiscal Agent (Section 115 Pension Trust Fund)	48,472,943.11	52,463,631.05
Other Investments Held by Fiscal Agent	305,492,363.44	304,175,023.51
Other Miscellaneous Cash	4,890,600.45	4,890,600.45
TOTAL CASH & INVESTMENTS	**$ 1,380,173,004.07**	**$ 1,366,496,765.19**

Source: City of Riverside.

As of March 31, 2024, the weighted average maturity of the City's investment portfolio was 1.85 years.

Personal Income

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in Riverside County increased by 67.21% between 2013 and 2022. The following tables summarize personal income for Riverside County for 2013 through 2022.

PERSONAL INCOME
Riverside County
20013-2022
(Dollars in Thousands)

Year	*Riverside County*	*Annual Percent Change*
2013	$76,069,949	N/A
2014	79,630,223	4.68%
2015	84,597,340	6.24
2016	88,997,439	5.20
2017	92,451,456	3.88
2018	96,994,918	4.91
2019	103,614,307	6.82
2020	116,939,915	12.86
2021	126,261,006	7.97
2022	127,195,983	0.74

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table summarizes per capita personal income for Riverside County, California and the United States for 2013-2022. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2013-2022

Year	*Riverside County*	*California*	*United States*
2013	$33,565	$48,076	$44,401
2014	34,786	50,619	46,287
2015	36,590	53,817	48,060
2016	38,050	55,863	48,971
2017	39,060	58,214	51,004
2018	40,582	60,984	53,309
2019	43,073	64,174	55,547
2020	48,265	70,061	59,153
2021	51,468	76,991	64,430
2022	51,415	77,036	65,470

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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: Riverside Community College, University of California, Riverside, California Baptist University and La Sierra University at Riverside. Also located in the City are California School for the Deaf and Sherman Indian High School, a federally-run school for Native Americans.

Employment

The City is included in the Riverside-San Bernardino Primary Metropolitan Statistical Area (the "PMSA"). The following table shows the average annual estimated numbers of wage and salary workers by industry for the PMSA. The table does not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

RIVERSIDE-SAN BERNARDINO PRIMARY MSA
CIVILIAN LABOR FORCE EMPLOYMENT AND UNEMPLOYMENT (ANNUAL AVERAGES)
(For Calendar Years 2019 Through 2023)

	2019	*2020*	*2021*	*2022*	*2023*
Civilian Labor Force	2,071,600	2,091,700	2,120,600	2,148,700	2,171,500
Civilian Employment	1,987,500	1,885,400	1,964,300	2,058,400	2,068,800
Civilian Unemployment	84,000	206,200	156,300	90,200	102,700
Civilian Unemployment Rate	4.1%	9.9%	7.4%	4.2%	4.7%
Total Farm	15,400	14,100	13,700	13,800	13,100
Total Nonfarm	1,552,700	1,495,800	1,575,100	1,659,800	1,679,800
Total Private	1,291,500	1,247,800	1,333,100	1,409,800	1,418,900
Goods Producing	209,700	202,200	207,700	216,300	216,100
Mining and Logging	1,200	1,300	1,400	1,500	1,500
Construction	107,200	104,900	110,100	114,700	115,700
Manufacturing	101,300	96,000	96,100	100,000	98,900
Service Providing	1,343,000	1,293,700	1,367,400	1,443,500	1,463,700
Trade, Transportation and Utilities	395,100	406,900	443,200	464,900	456,500
Wholesale Trade	67,700	65,600	67,400	69,500	68,700
Retail Trade	180,700	168,800	177,000	181,000	182,700
Transportation, Warehousing and Utilities	146,600	172,500	198,800	214,400	205,100
Information	14,100	12,400	12,500	13,000	13,300
Financial Activities	45,000	44,100	45,200	46,000	44,900
Professional and Business Services	155,300	152,100	166,600	173,900	164,800
Educational and Health Services	250,300	248,800	254,300	267,500	287,500
Leisure and Hospitality	175,900	141,300	160,200	180,900	186,500
Other Services	46,200	40,200	43,600	47,400	49,300
Government	261,200	248,000	242,000	250,000	260,900
Total, All Industries	1,568,100	1,509,900	1,588,800	1,673,500	1,692,900

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The "Total, All Industries" data is not directly comparable to the employment data found in this Appendix E.

Source: State of California, Employment Development Department, March 2023 Benchmark.

The following tables show the largest employers in the City and in the County.

CITY OF RIVERSIDE – TEN LARGEST EMPLOYERS
As of June 30, 2023

Employer Name	*Number of Employees*	*% of Total City-wide Employment*
County of Riverside	24,399	17.7%
March Air Force Reserve Base	9,750	7.1
University of California, Riverside	8,831	6.4
Kaiser Permanente	7,610	5.5
Riverside Unified School District	4,505	3.3
Riverside Community Hospital	2,993	2.2
City of Riverside	2,457	1.8
Riverside Community College District	1,900	1.4
Alvord Unified School District	1,824	1.3
California Baptist University	1,355	1.0
Total	65,624	47.7%

Source: City of Riverside (as presented in the City's Fiscal Year 2023 audited financial statements).

COUNTY OF RIVERSIDE – LARGEST EMPLOYERS
(LISTED ALPHABETICALLY)
As of December 2023

Employer Name	*Location*	*Industry*
1882 Cantina	Temecula	Restaurants
Abbott Vascular Inc	Temecula	Hospital Equipment & Supplies-Mfrs
Abbott Vascular Inc	Temecula	Hospital Equipment & Supplies-Mfrs
Amazon Fulfillment Ctr	Moreno Valley	Mail Order Fulfillment Service
Citrus Club	La Quinta	Clubs
Coachella Valley Unified SCH	Thermal	School Districts
Collins Aerospace	Riverside	Aircraft Components-Manufacturers
Corona City Hall	Corona	City Hall
Corona Regional Medical Ctr	Corona	Hospitals
Department-Corrections-Rehab	Norco	Government Offices-State
Desert Regional Medical Ctr	Palm Springs	Hospitals
Eisenhower Health	Rancho Mirage	Hospitals
Fantasy Springs Resort Casino	Indio	Casinos
Jurupa School District Supt	Riverside	School Districts
KSL Development Corp	La Quinta	Golf Courses
Riverside Community Hospital	Riverside	Hospitals
Riverside County Admin Ctr	Riverside	Government Offices-County
Riverside County Office of Edu	Riverside	Schools
Riverside County Public Health	Riverside	Government Offices-County
Riverside University Health	Moreno Valley	Hospitals
Southwest Healthcare System	Temecula	Health Care Management
Starcrest of California	Perris	Online Retailers & Marketplaces
Starcrest Products	Perris	Online Retailers & Marketplaces
Sun World Intl LLC	Coachella	Fruits & Vegetables-Wholesale
Universal Protection Svc	Palm Desert	Security Control Equip & Systems-Mfrs

Source: California Employment Development Dept., America's Labor Market Information System (ALMIS) Employer Database, 2023 2nd Edition.

Construction Activity

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

CITY OF RIVERSIDE
BUILDING PERMIT ACTIVITY
For Calendar Years 2019 Through 2023
(Valuation in Thousands of Dollars)

	2019	*2020*	*2021*	*2022*	*2023*
Permit Valuation					
New Single-family	$ 35,621	$ 76,746	$ 81,057	$ 148,281	$ 167,214
New Multi-family	61,488	20,059	37,332	16,242	63,276
Res. Alterations/Additions	8,154	6,182	4,411	18,212	19,653
Total Residential	$ 105,264	$ 102,988	$ 122,800	$ 182,736	$ 250,145
New Commercial/Industrial	$ 53,083	$ 4,612	$ 0	$ 62,533	$ 26,057
New Other	4,323	17,103	6,537	24,510	23,414
Com. Alterations/Additions	74,407	50,537	3,585	58,343	67,809
Total Nonresidential	$ 131,813	$ 72,251	$ 10,022	$ 145,387	$ 117,281
New Dwelling Units					
Single Family	163	271	290	579	653
Multiple Family	328	214	367	153	478
TOTAL	491	485	707	732	1,131

Source: Construction Industry Research Board.

COUNTY OF RIVERSIDE
BUILDING PERMIT ACTIVITY
For Calendar Years 2019 Through 2023
(Valuation in Thousands of Dollars)

	2019	*2020*	*2021*	*2022*	*2023*
Permit Valuation					
New Single-family	$ 1,834,822	$ 2,315,365	$ 2,013,159	$ 2,429,329	$ 2,407,919
New Multi-family	282,465	93,149	149,081	339,474	730,912
Res. Alterations/Additions	158,118	110,789	100,402	152,309	167,225
Total Residential	$ 2,275,405	$ 2,519,303	$ 2,262,642	$ 2,921,113	$ 3,306,086
New Commercial/Industrial	$ 805,908	$ 539,130	$ 792,812	$ 727,504	$ 749,259
New Other	179,861	233,710	460,224	449,357	455,542
Com. Alterations/Additions	300,087	380,938	290,962	524,757	486,007
Total Nonresidential	$ 1,285,856	$ 1,153,778	$ 1,543,998	$ 1,701,618	$ 1,676,498
New Dwelling Units					
Single Family	6,563	8,443	7,360	8,863	8,894
Multiple Family	1,798	723	1,126	2,861	6,428
TOTAL	8,361	9,166	8,486	11,724	15,322

Source: Construction Industry Research Board.

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, County voters approved Measure A, a one-half cent sales tax increase. Measure A was to expire in 2009, but in 2002, 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.

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APPENDIX B

SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS

The following statements are summaries of the Ground Lease ("the Ground Lease"), the Lease Agreement (the "Lease Agreement"), the Indenture (the "Indenture") and the Assignment Agreement (the "Assignment Agreement"). **These statements are qualified in their entirety by reference to the full terms of the Ground Lease, the Lease Agreement, the Indenture and the Assignment Agreement, copies of which may be obtained from the City.**

DEFINITIONS OF CERTAIN TERMS

The following sets forth the definitions of certain words and terms used in this Summary of the Principal Legal Documents.

"**Act**" means the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code.

"**Additional Bonds**" means Bonds other than the Series 2019B Bonds issued under the Indenture in accordance with the provisions thereof.

"**Additional Rental Payments**" means all amounts payable by the City as Additional Rental Payments pursuant to the Lease Agreement.

"**Assignment Agreement**" means the Assignment Agreement, dated as of August 1, 2012, as amended by that certain First Supplement to Assignment Agreement, dated as of June 1, 2019, and that certain Second Supplement to Assignment Agreement, dated as of October 1, 2024, each by and between the Trustee and the Authority, and any duly authorized and executed amendments thereto.

"**Authority**" means the Riverside Public Financing Authority, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California.

"**Authorized Authority Representative**" means the Chairman, the Executive Director or the Treasurer of the Authority, or any other person authorized by the Board of Directors of the Authority to act on behalf of the Authority under or with respect to the Indenture.

"**Authorized City Representative**" means the Mayor of the City, the City Manager of the City, the Director of Finance of the City, the Treasurer of the City, or any other person authorized by the City Council of the City to act on behalf of the City under or with respect to the Indenture.

"**Authorized Denominations**" means $5,000 or any integral multiple thereof.

"**Base Rental Payment Fund**" means the fund by that name established in accordance with the Indenture.

"**Base Rental Payments**" means all amounts payable to the Authority by the City as Base Rental Payments pursuant to the Lease Agreement.

"**Base Rental Payment Schedule**" means the schedule of Base Rental Payments payable to the Authority from the City pursuant to the Lease Agreement and attached thereto as Exhibit B.

"**Beneficial Owner**" means, whenever used with respect to a Book-Entry Bond, the person whose name is recorded as the beneficial owner of such Book-Entry Bond or a portion of such Book-Entry Bond by a Participant or the records of such Participant or such person's subrogee.

"**Bonds**" means the Series 2019B Bonds, the Series 2024A Bonds and any other Additional Bonds.

"**Book-Entry Bonds**" means the Bonds of a Series registered in the name of the nominee of DTC, or any successor securities depository for such Series of Bonds, as the registered owner thereof pursuant to the terms and provisions of the Indenture.

"**Business Day**" means a day which is not (a) a Saturday, Sunday or legal holiday, (b) a day on which banking institutions in the State of California, or in any state in which the principal corporate trust office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

"**Cede & Co.**" means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

"**City**" means the City of Riverside, a municipal corporation and charter law city duly organized and existing tinder and by virtue of the Constitution and laws of the State of California and the City's Charter.

"**Closing Date**" means, with respect to the Series 2012A Bonds, August 15, 2012, with respect to the Series 2019B Bonds, June 13, 2019, and with respect to the Series 2024A Bonds, October 17, 2024.

"**Code**" means the Internal Revenue Code of 1986.

"**Completion Certificate**" means the certificate of the City filed with the Trustee and signed by an Authorized City Representative, as prescribed by the Lease Agreement.

"**Continuing Disclosure Certificate**" means, collectively, (i) that certain Continuing Disclosure Certificate, dated August 15, 2012, executed and delivered by the City, as it may be amended from time to time in accordance with the terms thereof; (ii) that certain Continuing Disclosure Certificate, dated as of June 13, 2019, executed and delivered by the City, as it may be amended from time to time in accordance with the terms thereof; (iii) that certain Continuing Disclosure Certificate, dated as of October 17, 2024, executed and delivered by the City, as it may be amended from time to time in accordance with the terms thereof; and (iv) any certificate or agreement with respect to any other Additional Bonds relating to compliance with Rule 15c2-12 adopted under the Securities Exchange Act of 1934, as amended.

"**Costs of Issuance**" means all the costs of issuing and delivering the Bonds, including, but not limited to, all printing and document preparation expenses in connection with the Indenture, the Lease Agreement, the Ground Lease, the Assignment Agreement, the Bonds and the preliminary official statement and final official statement pertaining to the Bonds, rating agency fees. CUSIP Service Bureau charges, market study fees, legal fees and expenses of counsel with the issuance and delivery of the Bonds, the initial fees and expenses of the Trustee and other fees and expenses incurred in connection with the issuance and delivery of the Bonds, to the extent such fees and expenses are approved by the City.

"**Delivery Date**" means October 17, 2024.

"**DTC**" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to the Indenture.

"**Federal Securities**" means (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

"**First Supplemental Indenture**" means the First Supplemental Indenture, dated as of June 1, 2019, by and among the Authority, the City and the Trustee relating to the Series 2019B Bonds.

"**First Supplemental Lease Agreement**" means the First Supplemental Lease Agreement, dated as of June 1, 2019, by and between the Authority and the City.

"**Fitch**" means Fitch Ratings, Inc., or its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"**Forward Purchase and Sale Agreement**" means an agreement entered into by the Trustee and/or the Authority and/or the City and a bank or financial institution (the "Provider") rated "A2" or higher by Moody's and "A" or higher by S&P providing for the Provider to tender, and for the Trustee to purchase, certain eligible securities on one or more dates occurring at least thirty (30) business days after the date of such agreement; provided that (1) securities tendered by the Provider are purchased on a delivery versus payment basis, (2) securities purchased constitute Permitted Investments at the time they are tendered, and (3) the Authority and the City receive an opinion of counsel acceptable to the Authority and to the City which states that the agreement constitutes a legally valid, binding, and enforceable obligation of the Provider and that in the event of a bankruptcy of the Provider, securities sold by the Provider to the Trustee pursuant to the agreement do not constitute property of the estate of the Provider within the applicable bankruptcy or insolvency laws.

"**Ground Lease**" means the Ground Lease dated as of August 1, 2012, as amended by that First Supplement to Ground Lease, dated as of June 1, 2019, and that Second Supplement to Ground Lease, dated as of October, 1, 2024.

"**Indenture**" means the Original Indenture together with the First Supplemental Indenture and the Second Supplemental Indenture.

"**Interest Fund**" means the fund by that name established in accordance with the Indenture.

"**Interest Payment Date**" means May 1 and November 1 of each year, commencing May 1, 2013 with respect to the Series 2012A Bonds and commencing November 1, 2019 with respect to the Series 2019B Bonds and commencing May 1, 2025 with respect to the Series 2024A Bonds.

"**Lease Agreement**" means the Lease Agreement together with the First Supplement to Lease Agreement and the Second Supplement to Lease Agreement.

"**Library Project**" means the capital improvements financed with the proceeds of the Series 2019B Bonds, including, but not limited to, a public library and related improvements.

"**Moody's**" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation will no longer perform the function of a securities rating agency for any reason, the term "Moody's" will be deemed to refer to any other nationally recognized securities rating agency selected by the Authority and approved by the Trustee.

"**Net Insurance Proceeds**" means any insurance proceeds or condemnation award in excess of $50,000, paid with respect to any of the Property, remaining after payment therefrom of all reasonable expenses incurred in the collection thereof.

"**Office of the Trustee**" means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority and the City by the Trustee in writing, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term means the office or the agency of the Trustee at which, at any particular time, its corporate trust agency will be conducted as specified to the Authority and the City by the Trustee in writing.

"**Opinion of Counsel**" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority or the City.

"**Original Indenture**" means the Indenture dated as of August 1, 2012, among the Authority, the City and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof.

"**Original Lease Agreement**" means the Lease Agreement, dated as of August 1, 2012, by and between the City and the Authority, as originally executed and as it may be from time to time amended in accordance with the provisions thereof.

"**Outstanding**," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds with respect to which all liability of the Authority will have been discharged in accordance with the Indenture; and

(c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds will have been authenticated and delivered by the Trustee pursuant to the Indenture.

"**Owner**" means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

"**Participant**" means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

"**Participating Underwriter**" has the meaning ascribed thereto in the Continuing Disclosure Certificate.

"**Permitted Encumbrances**" means, with respect to the Property, as of any particular time, (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of the Original Lease, permit to remain unpaid, (b) the Assignment Agreement, (c) the Lease Agreement, (d) the Ground Lease, (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law as normally exist with respect to properties similar to the Property for the purposes for which it was , acquired or is held by the City, (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date which the City certifies in writing will not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing, (g) that certain Schedule of Licensed Property effective April 25, 2006, between the City, as licensor, and Nextel of California, Inc., as licensee, and (h) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Closing Date which the City certifies in writing do not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the

Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing.

"**Permitted Investments**" means any of the following to the extent then permitted by the general laws of the State of California:

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively "United States Obligations"). These include, but are not necessarily limited to:

- U.S. Treasury obligations
  All direct or fully guaranteed obligations
- Farmers Home Administration
  Certificates of beneficial ownership
- General Services Administration
  Participation certificates
- U.S. Maritime Administration
  Guaranteed Title XI financing
- Small Business Administration
  Guaranteed participation certificates
  Guaranteed pool certificates
- Government National Mortgage Association (GNMA)
  GNMA-guaranteed mortgage-backed securities
  GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development
  Local authority bonds
- Washington Metropolitan Area Transit Authority
  Guaranteed transit bonds

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)
  Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
  Senior debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
  Consolidated systemwide bonds and notes
- Federal Home Loan Banks (FHL Banks)
  Consolidated debt obligations
- Federal National Mortgage Association (FNMA)
  Senior debt obligations

Mortgage-backed securities (excluded are stripped mortgages securities which are purchased at prices exceeding their principal amounts)

- Student Loan Marketing Association (SLMA)
  Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)
- Financing Corporation (FICO)
  Debt obligations
- Resolution Funding Corporation (REFCORP)
  Debt obligations

(4) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 180 days) of any bank, including the Trustee and its affiliates, the short-term obligations of which are rated "A-1+" or better by S&P and "P-1" or better by Moody's.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks, including the Trustee and its affiliates, which have capital and surplus of at least $5 million.

(6) Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's.

(7) Money market funds rated "AAm" or "AAm-G" or better by S&P and "Aa2" or better by Moody's, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services.

(8) Repurchase agreements:

(a) With any domestic bank the long term debt of which is rated "AA" or better by S&P and "Aa" by Moody's (so long as an opinion is rendered that the repurchase agreement is a "repurchase agreement" as defined in the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") and that such bank is subject to FIRREA), or any foreign bank rated at least "AA" by S&P and "Aaa" by Moody's or "AA" by S & P and at least "Aa2" by Moody's; provided the term of such repurchase agreement is for one year or less.

(b) With (i) any broker-dealer with "retail customers" which has, or the parent company of which has, long-term debt rated at least "AA" by S&P and "Aa2" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corp. (SIPC); provided that:

A. The market value of the collateral is maintained for United States Treasury Obligations, at the levels shown below under "Collateral Levels for United States Treasury Obligations";

B. Failure to maintain the requisite collateral percentage will require the City or the Trustee to liquidate the collateral;

C. The Trustee, the City or a third party acting solely as agent therefor (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

D. The repurchase agreement states, and an opinion of counsel is rendered to the effect, that the Trustee has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

E. The transferor represents that the collateral is free and clear of any third-party liens or claims;

F. An opinion is rendered that the repurchase agreement is a "repurchase agreement" as defined in the United States Bankruptcy Code;

G. There is or will be a written agreement governing every repurchase transaction;

H. The City represents that it has no knowledge of any fraud involved in the repurchase transaction; and

I. The City and the Trustee receive an opinion of counsel (which opinion will be addressed to the City and the Trustee) that such repurchase agreement is legal, valid and binding and enforceable against the provider in accordance with its terms,

(9) State Obligations

(a) Direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A2" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct, general short-term obligations of any state agency or subdivision described in (a) above and rated "A-1+" by S&P and "Prime-1" by Moody's.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (a) above and rated "AA" or better by S&P and "Aa2" or better by Moody's.

(10) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt of the guarantor, or in the case of a monoline financial guaranty insurance company the claims paying ability of the guarantor, is rated at least "AA" by S&P and "Aa2" by Moody's; provided, that prior written notice of an investment in the investment agreement is provided to S&P and, provided, further, by the terms of the investment agreement:

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time for purposes identified in the Indenture other than acquisition of alternative investment property upon not more than seven days prior notice (which notice may be amended or withdrawn at any time prior to the specified withdrawal date); provided that the Indenture specifically requires the Trustee or the City to give notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the investment agreement will state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof;

(d) a guaranteed rate of interest is to be paid on invested funds and all future deposits, if any, required to be made to restore the amount of such funds to the level specified under the Indenture;

(e) the Trustee and the City receive the opinion of domestic counsel (which opinion will be addressed to the City) that such investment agreement is legal, valid and binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(f) the investment agreement will provide that if during its term (A) the provider's or the guarantor's rating by either Moody's or S&P is withdrawn or suspended or falls below "AA" or "Aa2", respectively, or, with respect to a foreign bank, below the ratings of such provider at the delivery date of the investment agreement, the provider must, at the direction of the City or the Trustee (acting at the direction of the City) within 10 days of receipt of such direction, either (1) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Trustee, the City or a Holder of the Collateral, United States Treasury Obligations which are free and clear of any third-party liens or claims at the Collateral Levels set forth below; or (2) repay the principal of and accrued but unpaid interest on the investment (the choice of (1) or (2) above will be that of the City or Trustee (acting at the direction of the City), as appropriate), and (B) the provider's or the guarantor's rating by either Moody's or S&P is withdrawn or suspended or falls below "A" or "A2," or, with respect to a foreign bank, below "AA" or "Aa2" by S&P or Moody's, as appropriate, the provider must, at the direction of the City or the Trustee (acting at the direction of the City), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the City or Trustee;

(g) the investment agreement will state, and an opinion of counsel will be rendered to the effect, that the Trustee has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Trustee is in possession); and

(h) the investment agreement must provide that if during its term (A) the provider defaults in its payment obligations, the provider's obligation under the investment agreement will, at the direction of the City or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon will be repaid to the City or Trustee, as appropriate, and (B) the provider becomes insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations are automatically be accelerated and amounts invested and accrued but unpaid interest thereon will be repaid to the City or Trustee, as appropriate.

(11) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations; and

(e) no substitution of a United States Treasury Obligation will be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or the United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

Collateral Levels For United States Treasury Obligations
Remaining Maturity

Frequency of Valuation	*1 year or less*	*5 years or less*	*10 years or less*	*15 years or less*	*30 years or less*
Daily	102	105	106	108	114
Weekly	103	111	112	114	120
Monthly	105	117	120	125	133
Quarterly	107	120	130	133	140

Further Requirements: (a) On each valuation date, the City, or the custodian who will confirm to the City and the Trustee, will value the market value (exclusive of accrued interest) of the collateral, which market value will be an amount equal to the requisite collateral percentage times the principal amount of the investment (including unpaid accrued interest thereon) that is being secured, (b) in the event the collateral level is below its collateral percentage on a valuation date, such percentage will be restored within the following restoration periods: one Business Day for daily valuations, two Business Days for weekly and monthly valuations, and one month for quarterly valuations (the use of different restoration periods affect the requisite collateral percentage), (c) the City or the Trustee (acting at the direction of the City) will terminate the repurchase agreement or the investment agreement, as the case may be, upon a failure to maintain the requisite collateral percentage after the restoration period and, if not paid by the counterparty in federal funds against transfer of the collateral, liquidate the collateral.

(12) The Local Agency Investment Fund of the State of California created pursuant to Section 16429.1 of the California Government Code.

The Trustee will have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments.

"**Person**" means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"**Principal Fund**" means the fund by that name established in accordance with the Indenture.

"**Project Fund**" means the fund by that name established pursuant to the First Supplemental Indenture.

"**Property**" means the real property described in Exhibit A to the Lease Agreement and the improvements located thereon.

"**Rebate Fund**" means the fund by that name established in accordance with the Indenture.

"**Rebate Requirement**" has the meaning ascribed thereto in the Tax Certificate.

"**Record Date**" means the fifteenth day of the month next preceding an Interest Payment Date, whether or not such day is a Business Day.

"**Redemption Fund**" means the fund by that name established in accordance with the Indenture.

"**Redemption Price**" means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant hereto.

"**Registration Books**" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to the Indenture.

"**Rental Payments**" means, collectively, the Base Rental Payments and the Additional Rental Payments.

"**Rental Period**" means the period from the Closing Date through October 31, 2013 and, thereafter, the twelve-month period commencing on November 1 of each year during the term of the Lease Agreement.

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such entity will no longer perform the functions of a securities rating agency for any reason, the term "S&P" will be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"**Second Supplemental Indenture**" means the Second Supplemental Indenture, dated as of October 1, 2024, by and among the Authority, the City and the Trustee relating to the Series 2024A Bonds.

"**Second Supplemental Lease Agreement**" means the Second Supplemental Lease Agreement, dated as of October 1, 2024, by and between the Authority and the City.

"**Series**" means the Series 2012A Bonds executed, authenticated and delivered on the Closing Date and identified pursuant to the Indenture and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

"**Series 2012A Bonds**" means the Series 2012A Bonds issued pursuant to the Original Indenture.

"**Series 2019B Bonds**" means the Series 2019B Bonds issued pursuant to the First Supplemental Indenture, which have been issued as Additional Bonds pursuant to the Original Indenture.

"**Series 2024A Bonds Costs of Issuance Fund**" means the fund of that name established pursuant to the Indenture.

"**Series 2024A Bonds**" means the Series 2024A Bonds issued pursuant to the Second Supplemental Indenture, which have been issued as Additional Bonds pursuant to the Original Indenture.

"**Series 2024A Bonds Costs of Issuance Fund**" means the fund of that name established pursuant to the Indenture.

"**Supplemental Indenture**" means any supplemental indenture amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"**Tax Certificate**" means the Tax Certificate, dated as of the Closing Date, concerning matters pertaining to the use and investment of proceeds of the Bonds executed by the Authority and the City on the date of issuance of the Bonds, including any and all exhibits attached thereto, relating to the requirements of Section 148 of the Code.

"**Termination Date**" means November 1, 2036, unless extended or sooner terminated as provided in the Lease Agreement.

"**Trustee**" means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, or any successor thereto as Trustee hereunder, appointed as provided herein.

"**Written Certificate of the Authority**" and "**Written Request of the Authority**" mean, respectively, a written certificate or written request signed in the name of the Authority by an Authorized Authority Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument

"**Written Certificate of the City**" and "**Written Request of the City**" mean, respectively, a written certificate or written request signed in the name of the City by an Authorized City Representative. Any such certificate or request may, but need, not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

THE GROUND LEASE

The City leases to the Authority, and the Authority leases from the City, for the benefit of the Owners of the Bonds, the Property, subject only to Permitted Encumbrances for the term of the Ground Lease. The parties intend that the Property will be leased back to the City pursuant to the Lease Agreement. The parties further intend that, to the extent provided in the (Ground Lease and the Lease Agreement, if an event of default occurs under the Lease Agreement, the Authority, or its assignee, will have the right for the then remaining term of the Ground Lease to (a) take possession of the Property, (b) if it deems it appropriate, cause an appraisal of the Property and a study of the then reasonable use thereof to be undertaken, and (c) relet the Property. The Ground Lease may be sold or assigned, and the Property may be subleased, as a whole or in part, by the Authority without the necessity of obtaining the consent of the City, if an event of default occurs under the lease Agreement. The Authority will, within 30 days after such an assignment, sale or sublease, furnish or cause to be furnished to the City a true and correct copy of such assignment, sale or sublease, as the case may be. The City agrees that, except with respect to Permitted Encumbrances, it will not mortgage, sell, encumber, assign, transfer or convey the Property or any portion thereof during the term of the Ground Lease.

The term of the Ground Lease commences on the date of commencement of the term of the Lease Agreement, and will remain in full force and effect from such date to and including November 1, 2036, unless such term is sooner extended or terminated as provided in the Ground Lease. If, on November 1, 2036, the Bonds will not have been fully paid, or provision therefor made in accordance with the Indenture, or the Indenture will not be discharged by its terms, or if the Rental Payments payable under the Lease Agreement will have been abated at any time, then the term of the Ground Lease will be automatically extended until the date upon which all Bonds will be fully paid, or provision therefor made in accordance with the Indenture, and the Indenture will be discharged by its terms, except that the term of the Ground Lease will in no event be extended more than ten years. If prior to November 1, 2046, all Bonds will be fully paid, or provisions therefor made in accordance with the Indenture, and the Indenture will be discharged by its terms, the term of the Ground Lease will end simultaneously therewith.

THE LEASE AGREEMENT

Lease of Property

(a) The Authority leases to the City, and the City leases from the Authority the Property, on the terms and conditions set forth in the Lease Agreement, and subject to all Permitted Encumbrances.

(b) The leasing of the Property by the City to the Authority pursuant to the Ground Lease shall not effect or result in a merger of the City's leasehold estate pursuant to the Lease Agreement and its fee estate as lessor under the Ground Lease, and the Authority shall continue to have a leasehold estate in the Property pursuant to the Ground Lease throughout the term of the Lease Agreement and the Ground Lease. The leasehold interest granted by the City to the Authority pursuant to the Ground Lease is independent of the Lease Agreement; the Lease Agreement is not an assignment or surrender of the leasehold interest granted to the Authority under the Ground Lease.

Term; Occupancy

The term of the Lease Agreement will commence on the Delivery Date and will end on the Termination Date, unless such term is extended or sooner terminated as provided in the Lease Agreement. If on the Termination Date the Bonds will not be fully paid, or provision therefor made in accordance with the Indenture, or the Indenture will not be discharged by its terms, or if the Rental Payments will remain due and payable or will have been abated at any time and for any reason, then the term of the Lease Agreement will be extended until the date upon which all Bonds are fully paid, or provision therefor made in accordance with the Indenture, or the Indenture is discharged by its terms and all Rental Payments have been paid in full, except that the term of the Lease Agreement will in no event be extended more than ten years beyond such Termination Date, such extended date being the "Maximum Lease Term." If prior to the Termination Date, all Bonds are fully paid, or provision therefor made in accordance with the Indenture, the Indenture is discharged by its terms and all Rental Payments have been paid in full, the term of the Lease Agreement will end simultaneously therewith.

Base Rental Payments

Subject to the provisions of the Lease Agreement relating to a revision of the Base Payment Rental Schedule, the City will pay to the Authority as Base Rental Payments (subject to the provisions of the Lease Agreement) the amount at the times specified in the Base Rental Payment Schedule, a portion of which Base Rental Payments will constitute principal and a portion of which will constitute interest. Rental Payments, including Base Rental Payments, will be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued to right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or of the State of California, or of any political subdivision thereof, within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation.

If the term of the Lease Agreement is extended pursuant to the Lease Agreement, the obligation of the City to pay Rental Payments will continue to and including the Base Rental Deposit Date preceding the date of termination of the Lease Agreement. Upon such extension, the Base Rental Payments will be established so that they will be sufficient to pay all extended and unpaid Base Rental Payments; provided, however, that the Rental Payments payable in any Rental Period will not exceed the annual fair rental value of the Property.

Additional Rental Payments

The City will also pay, as Additional Rental Payments, such amounts as will be required for the payment of the following: all taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein; all reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees; insurance premiums for all insurance required pursuant to the Lease Agreement; any amounts with respect to the Lease Agreement or the Bonds required to be rebated to the federal government in accordance with Section 148(f) of the Code; and all other payments required to be paid by the City under the provisions of the Lease Agreement or the Indenture. Amounts constituting Additional Rental Payments payable under the Lease Agreement will be paid by the City directly to the person or persons to whom such amounts will be payable. The City will pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Fair Rental Value

The parties to the Lease Agreement have agreed and determined that the annual fair rental value of the Property is not less than the maximum annual Rental Payments due in any year. In making such determination of fair rental value, consideration has been given to the uses and purposes that may be served by the Property and the benefits therefrom which will accrue to the City and the general public. Payments of the Rental Payments for the Property during each Rental Period will constitute the total rental for said Rental Period.

Payment Provisions

Each installment of Base Rental Payments payable under the Lease Agreement will be paid in lawful money of the United States of America to or upon the order of the Authority at the principal office of the Trustee in Los Angeles, California, or such other place or entity as the Authority will designate. Each Base Rental Payment will be deposited with the Trustee no later than the Base Rental Deposit Date preceding the Interest Payment Date on which such Base Rental Payment is due. Any Base Rental Payment which will not be paid by the City when due and payable under the terms of the Lease Agreement will bear interest from the date when the same is due thereunder until the same will be paid at the rate equal to the highest rate of interest on any of the Outstanding Bonds. Notwithstanding any dispute between the Authority and the City, the City will make all Rental Payments when due without deduction or offset of any kind and will not withhold any Rental Payments pending the final resolution of any such dispute. In the event of a determination that the City was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, will be credited against subsequent Rental Payments due under the Lease Agreement or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to this paragraph on any date will be reduced to the extent of available amounts on deposit in the Base Rental Payment Fund, the Interest Fund or the Principal Fund.

Rental Abatement

Except as otherwise specifically provided in the Lease Agreement, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property, Rental Payments will be abated proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement will continue in full force and effect. The amount of such abatement will be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period will not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. The City and the Authority will calculate such abatement and will provide the Trustee with a certificate setting forth such calculation and the basis therefor. Such abatement will continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; and the term of the Lease Agreement will be extended as provided in the Lease Agreement, except that the term will in no event be extended beyond the Maximum Lease Term.

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from said funds and accounts.

Commercial General Liability and Property Damage Insurance; Workers' Compensation Insurance

(a) The City will maintain or cause to be maintained, throughout the term of the Lease Agreement, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees. Said policy or policies will provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the Property. Said policy or policies will provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in a single accident or event, and in a minimum amount of $500,000 for damage to property (subject to a deductible clause of not to exceed $100,000) resulting from a single accident or event. Such commercial general liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City provided such self-insurance complies with the provisions of the Indenture. The Net Insurance Proceeds of such liability insurance will be applied toward extinguishment or satisfaction of the liability with respect to which the Net Insurance Proceeds of such insurance is paid.

(b) The City will maintain or cause to be maintained, throughout the term of the Lease Agreement, workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the California Labor Code, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Property and to cover full liability for compensation under any such act; provided, however, that the foregoing obligations of the City may be satisfied by self-insurance, provided such self-insurance complies with the provisions of the Lease Agreement.

(c) The City will maintain or cause to be maintained, fire, lightning and special extended coverage insurance (which shall include coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Property in an amount equal to the greater of 100% of the replacement cost of such improvements or 100% of the outstanding principal amount of the Bonds. Each such policy of insurance will contain a standard replacement cost endorsement providing for no deduction for depreciation and a stipulated amount endorsement. All such insurance may be subject to a deductible in an amount not to exceed $500,000. The foregoing obligations of the City may be satisfied by self-insurance, provided such self-insurance complies with the provisions of the Lease Agreement.

(d) The City will maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards described in paragraph (c) above in an amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period. The City will not be permitted to self-insure its obligation to maintain rental interruption insurance.

(e) The insurance required by the Lease Agreement will be provided by reputable insurance companies with claims paying abilities determined, in the reasonable opinion of the City's risk manager or an independent insurance consultant, to be adequate for the purposes of the Lease Agreement.

Title Insurance

The City will provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Bonds , said policy or policies shall insure (a) the fee interest of the City in the Property, (b) the Authority's ground leasehold estate in the Property under the Ground Lease, and (c) the City's leasehold estate under the Lease Agreement in the Property, subject only to Permitted Encumbrances. All Net Insurance Proceeds received under said policy or policies will be deposited with the Trustee and applied as provided in the Indenture. So long as any of the Bonds remain Outstanding, each policy of title insurance obtained pursuant to the Indenture or the Lease Agreement or required thereby will provide that all proceeds thereunder will be payable to the Trustee for the benefit of the Bond Owners.

Additional Insurance Provision; Form of Policies

The City will pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreement, and will promptly furnish or cause to be furnished evidence of such payments to the Trustee. All such policies will provide that the Trustee will be given 30 days notice of the expiration thereof or any intended cancellation thereof. The Trustee will be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

The City will cause to be delivered to the Trustee on or before August 15 each year, commencing August 15, 2013, a schedule of the insurance policies being maintained in accordance with the Lease Agreement and a Certificate of the City stating that such policies are in full force and effect and that the City is in full compliance with the requirements of the Lease Agreement. The Trustee is entitled to rely upon said Certificate of the City as to the City's compliance with the Lease Agreement. The Trustee will not be responsible for the sufficiency of coverage or amounts of such policies.

Self-Insurance

Insurance provided through a California joint powers authority of which the City is a member or with which the City contracts for insurance will be deemed to be self-insurance for purposes of the Lease Agreement. Any self-insurance maintained by the City pursuant to the Lease Agreement will comply with the following terms:

(a) the self-insurance program will be approved in writing by the City's risk manager or by an independent insurance consultant;

(b) the self-insurance program will include an actuarially sound claims reserve fund out of which each self-insured claim will be paid, the adequacy of each such fund will be evaluated on a bi-annual basis by the City's risk manager or by an independent insurance consultant and any deficiencies in any self-insured claims reserve fund will be remedied in accordance with the recommendation of the City's risk manager or such independent insurance consultant, as applicable; and

(c) in the event the self-insurance program is discontinued, the actuarial soundness of its claims reserve fund, as determined by the City's risk manager or by an independent insurance consultant, will be maintained.

Defaults and Remedies

(a) (i) If the City will fail (A) to pay any Rental Payment payable under the Lease Agreement when the same becomes due and payable, time being expressly declared to be of the essence in the Lease Agreement, or (B) to keep, observe or perform any other term, covenant or condition contained in the Lease Agreement or in the Indenture to be kept or performed by the City, or (ii) upon the happening of any of the events specified in paragraph (b) below, the City will be deemed to be in default under the Lease Agreement and it will be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement. The City will in no event be in default in the observance or performance of any covenant, condition or agreement in the Lease Agreement on its part to be observed or performed, other than as referred to in clause (i)(A) or (ii) of the preceding sentence, unless the City will have failed, for a period of 30 days or such additional time as is reasonably required to correct any such default after notice by the Authority to the City properly specifying wherein the City has failed to perform any such covenant, condition or agreement. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, will have the option to do any of the following:

(1) To terminate the Lease Agreement in the manner hereinafter described on account of default by the City, notwithstanding any re-entry or re-letting of the Property as hereinafter described in paragraph (2) below, and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City. In the event of such termination, the City agrees to surrender immediately possession of the Property, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Lease Agreement. Neither notice to pay Rental Payments or to deliver up possession of the Property given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under the Lease Agreement will of itself operate to terminate the Lease Agreement, and no termination of the Lease Agreement on account of default by the City will be or become effective by operation of law or acts of the parties thereto, or otherwise, unless and until the Authority will have given written notice to the City of the election on the part of the Authority to terminate the Lease Agreement. The City covenants and agrees that no surrender of the Property or of the remainder of the term of the Lease Agreement or any termination of the Lease Agreement will be valid in any manner or for any purpose whatsoever unless stated by the Authority by such written notice.

(2) Without terminating the Lease Agreement, (x) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the City, regardless of whether or not the City has abandoned the Property, or (y) to exercise any and all rights of entry and re-entry upon the Property. In the event the Authority does not elect to terminate the Lease Agreement in the manner described in paragraph (1) above, the City will remain liable and agrees to keep or perform all covenants and conditions contained in the Lease Agreement to be kept or performed by the City and, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of the Lease Agreement or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; and further agrees to pay said Rental Payments and/or Rental Payment deficiency punctually at the same time and in the same manner as described above for the payment of Rental Payments under the Lease Agreement, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments specified in the Lease

Agreement, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property. Should the Authority elect to re-enter as provided in the Lease Agreement, the City irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Property, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Property and to place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City, and the City indemnifies and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Lease Agreement. The City agrees that the terms of the Lease Agreement constitute full and sufficient notice of the right of the Authority to re-let the Property in the event of such re-entry without effecting a surrender of the Lease Agreement, and further agrees that no acts of the Authority in effecting such re-letting will constitute a surrender or termination of the Lease Agreement irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re- letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate the Lease Agreement will vest in the Authority to be effected in the sole and exclusive manner provided for in paragraph (1) above. The City further agrees to pay the Authority the cost of any alterations or additions to the Property necessary to place the Property in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

The City waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Property as provided in the Lease Agreement and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Property.

(b) If (i) the City's interest in the Lease Agreement or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority, and as hereinafter described, or (ii) the City or any assignee will file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to elect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City will be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City will make a general assignment for the benefit of the City's creditors, or (iii) the City will abandon or vacate the Property, then the City will be deemed to be in default under the Lease Agreement.

(c) In addition to the other remedies set forth in the Lease Agreement, upon the occurrence of an event of default, the Authority and its assignee will be entitled to proceed to protect and enforce the rights vested in the Authority and its assignee by the Lease Agreement or by law. The provisions of the Lease Agreement and the duties of the City and of its city council, officers or employees will be enforceable by the Authority or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority and its assignee will have the right to bring the following actions:

(i) *Accounting*. By action or suit in equity to require the City and its city council, officers and employees and its assigns to account as the trustee of an express trust.

(ii) *Injunction*. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority or its assignee.

(iii) *Mandamus*. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's or its assignee's rights against the City (and its city council, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided in the Lease Agreement.

Each and all of the remedies given to the Authority under the Indenture or by any law enacted are cumulative and the single or partial exercise of any right, power or privilege under the Indenture will not impair the right of the Authority to the further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in the Lease Agreement include, but are not be limited to, re-letting by means of the operation by the Authority of the Property. If any statute or rule of law validly limits the remedies given to the Authority under the Indenture, the Authority nevertheless will be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority prevails in any action brought to enforce any of the terms and provisions of the Lease Agreement, the City agrees to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority under the Lease Agreement.

Notwithstanding anything to the contrary contained in the Lease Agreement, the Authority will have no right upon a default thereunder by the City to accelerate Rental Payments.

(d) Notwithstanding anything to the contrary contained in the Lease Agreement, the termination of the Lease Agreement by the Authority and its assignees on account of a default by the City thereunder will not effect or result in a termination of the Ground Lease.

Waiver

Failure of the Authority to take advantage of any default on the part of the City will not be, or be construed as, a waiver thereof, nor will any custom or practice which may grow up between the parties in the course of administering the Lease Agreement be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition of the Lease Agreement, or to exercise any rights given the Authority on account of such default. A waiver of a particular default will not be deemed to be a waiver of any other default or of the same default subsequently occurring. The acceptance of Rental Payments under the Lease Agreement will not be, or be construed to be, a waiver of any term, covenant or condition of the Lease Agreement.

Eminent Domain

If all of the Property (or portions thereof such that the remainder is not usable for public purposes by the City) will be taken under the power of eminent domain, the term of the Lease Agreement will cease as of the day that possession will be so taken. If less than all of the Property will be taken under the power of eminent domain and the remainder is usable for public purposes by the City at the time of such taking, then the Lease Agreement will continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there will be a partial abatement of the Rental Payments in accordance with the provisions of the Lease Agreement. So long as any Bonds will be Outstanding, any award made in eminent domain proceedings for the taking of the Property, or any portion thereof, will be paid to the Trustee and applied to the redemption of Bonds as provided in the Indenture. Any such award made after all of the Bonds, and all other amounts due under the Indenture and under the Lease Agreement, have been fully paid, will be paid to the Authority and to the City as their respective interests may appear.

Prepayment

(a) The City may prepay, from any source of available funds, all or any portion of the Base Rental Payments attributable to the Series 2024A Bonds by depositing with the Trustee moneys or securities as provided, and subject to the terms and conditions set forth, in the Indenture sufficient to make such Base Rental Payments when due.

(b) If less than all of the Base Rental Payments attributable to the Series 2024A Bonds are prepaid pursuant to the Lease Agreement then, as of the date of such prepayment pursuant to the Lease Agreement, or the date of a deposit pursuant to the Lease Agreement, the principal and interest components of such Base Rental Payments will be recalculated in order to take such prepayment into account. The City agrees that if, following a partial prepayment of such Base Rental Payments, the Property is damaged or destroyed or taken by eminent domain, or a defect in title to the Property is discovered, the City will not be entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and the City will not be entitled to any reimbursement of such Base Rental Payments.

(c) If all of the Base Rental Payments are prepaid in accordance with the provisions of the Lease Agreement then, as of the date of such prepayment pursuant to the Lease Agreement and, if applicable, the corresponding provisions of the Lease Agreement relating to the prepayment of Base Rental Payments attributable to Additional Bonds, or deposit pursuant the Lease Agreement and, if applicable, such corresponding provisions, and payment of all other amounts owed under the Lease Agreement, the term of the Lease Agreement will be terminated.

(d) Prepayments of Base Rental Payments attributable to the Series 2024A Bonds made pursuant to the Lease Agreement will be applied to the redemption of Series 2024A Bonds as directed by the City and as provided in the Indenture.

(e) Before making any prepayment pursuant to the Lease Agreement, the City will give written notice to the Authority and the Trustee specifying the date on which the prepayment will be made, which date will be not less than 45 nor more than 60 days from the date such notice is given to the Authority.

Right of Entry

The Authority and its assignees will have the right to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority's rights or obligations under the Lease Agreement, and for all other lawful purposes.

Liens

In the event the City will at any time during the term of the Lease Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Property, the City will pay, when due, all sums of money that may become due for, or purporting to be due for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon, or about the Property and which may be secured by a mechanics', materialmen's or other lien against the Property or the Authority's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the City desires to contest any such lien, it may do so as long as such contestment is in good faith. If any such lien will be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City will forthwith pay and discharge said judgment.

Quiet Enjoyment

The parties to the Lease Agreement mutually covenant that the City, by keeping and performing the covenants and agreements contained in the Lease Agreement, will at all times during the term of the Lease Agreement peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Authority.

Authority Not Liable

The Authority and its directors, officers, agents and employees, will not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Property. To the extent permitted by law, the City will, at its expense, indemnify and hold the Authority and the Trustee and all directors, members, officers and employees thereof harmless against and from any and all claims by or on behalf of any person, firm, corporation or governmental authority arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of or from any work done in or about the Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. The City also covenants and agrees in the Lease Agreement, at its expense, to pay and indemnify and save the Authority and the Trustee and all directors, officers and employees thereof harmless - against and from any and - all claims arising from (a) any condition of the Property and the adjoining sidewalks and passageways, (b) any breach or default on the part of the City in the performance of any covenant or agreement to be performed by the City pursuant to the Lease Agreement, (c) any act or negligence of licensees in connection with their use, occupancy or Operation of the Property, or (d) any accident, injury or damage whatsoever caused to any person, firm or corporation in or about the Property or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this paragraph, but excepting the negligence or willful misconduct of the person or entity seeking indemnity. In the event that any action or proceeding is brought against the Authority or the Trustee or any director, member, officer or employee thereof, by reason of any such claim, the City, upon notice from the Authority or the Trustee or such director, member, officer employee thereof, covenants in the Lease Agreement to resist or defend such action or proceeding by counsel reasonably satisfactory to the Authority or the Trustee or such director, member, officer or employee thereof.

Assignment and Subleasing

Neither the Lease Agreement nor any interest of the City thereunder will be sold, mortgaged, pledged, assigned, or transferred by the City by voluntary act or by operation of law or otherwise. The Property may not be subleased in whole or in part by the City without the prior written consent of the Authority. Any such sublease will be subject to all of the following conditions:

(a) the Lease Agreement and the obligation of the City to make all Rental Payments thereunder will remain the primary obligation of the City;

(b) the City will, within 30 days after the delivery thereof, furnish or cause to be famished to the Authority and the Trustee a true and complete copy of such sublease;

(c) no such sublease by the City will cause the Property to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State of California;

(d) any sublease of the Property by the City will explicitly provide that such sublease is subject to all rights of the Authority under the Lease Agreement, including, the right to re-enter and re-let the Property or terminate the Lease Agreement upon a default by the City; and

(e) the City will furnish the Authority and the Trustee with an Opinion of Counsel to the effect that such sublease will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes.

Title to Property

Upon the termination or expiration of the Lease Agreement (other than as provided in the Lease Agreement), and the first date upon which the Bonds are no longer Outstanding, all right, title and interest in and to the Property will vest in the City. Upon any such termination or expiration, the Authority will execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Authority's Purpose

The Authority covenants in the Lease Agreement that, prior to the discharge of the Lease Agreement and the Bonds, it will not engage in any activities inconsistent with the purposes for which the Authority is organized, as set forth in the Joint Powers Agreement.

Representations of the City

The City represents and warrants to the Authority that (a) the City has the full power and authority to enter into, to execute and to deliver the Lease Agreement and the Indenture, and to perform all of its duties and obligations thereunder, and has duly authorized the execution and delivery of the Lease Agreement and the Indenture, and (b) the Property will be used in the performance of essential governmental functions.

Representation of the Authority

The Authority represents and warrants to the City in the Lease Agreement that the Authority has the full power and authority to enter into, to execute and to deliver this Lease Agreement, the Assignment Agreement and the Indenture, and to perform all of its duties and obligations thereunder, and has duly authorized the execution and delivery of the Lease Agreement, the Assignment Agreement and the Indenture.

No Consequential Damages

In no event will the Authority or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease Agreement or the City's use of the Property.

Use of the Property

The City will not use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease Agreement. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Property; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to any of the Property or its interest or rights under the Lease Agreement.

Substitution or Release of the Property

The City will have the right to substitute alternate real property for any portion of the Property or to release a portion of the Property from the Lease Agreement or to add additional property to the encumbrance of the Lease Agreement. All costs and expenses incurred in connection with such substitution, release or addition will be borne by the City. Notwithstanding any substitution or release of, or addition to, Property pursuant to the Lease Agreement, there will be no reduction in or abatement of the Base Rental Payments due from the City under the Lease Agreement as a result of such substitution, release or addition. Any such substitution or release of any portion of the Property, or addition to the Property, will be subject to the following specific conditions, which are made conditions precedent to such substitution, release or addition under the Lease Agreement:

(a) a Written Certificate of the City to the effect that the Property, as constituted after such substitution, release or addition, (i) has an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, and (ii) has a useful life in excess of the final maturity of any Outstanding Bonds;

(b) with respect to any substituted or added property, the City will have obtained or caused to be obtained a CLTA or ALTA title insurance policy or policies with respect to the Property (as such term will be defined after such substitution or addition) in the amount at least equal to the aggregate principal amount of any Outstanding Bonds of the type and with the endorsements described in the Lease Agreement;

(c) the City, the Authority and the Trustee will have executed, and the City will have caused to be recorded with the Riverside County Recorder, any document necessary to reconvey to the City the portion of the Property being released and to include any substituted or added real property in the description of the Property contained in the Lease Agreement and in the Ground Lease; and

(d) the City will have provided notice of such release, substitution or addition to each rating agency then rating the Bonds.

Notwithstanding the foregoing, upon the filing by the City of the Completion Certificate, the City may release the portion of certain of the Property identified in the Lease Agreement, or any additional property identified in the Written Certificate and/or notice delivered pursuant to the Lease Agreement as being substituted for such property, without complying with (b) above provided that the City certifies to the Trustee that at least 90% of the proceeds of the Series 2019B Bonds deposited into the Project Fund have been applied toward the construction of the Library Project or other eligible projects as permitted by the Tax Certificate executed in connection with the Series 2019B Bonds.

Net-Net-Net Lease

The Lease Agreement will be deemed and construed to be a “net-net-net lease” and the City agrees in the Lease Agreement that the Rental Payments will be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the City and the Authority.

Taxes

The City will pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Property or the respective interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City will be obligated to pay only such installments as are required to be paid during the term of the Lease Agreement as and when the same become due.

The City or any sublessee may, at the City's or such sublessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee notifies the City or such sublessee that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property, or any part thereof, will be subject to loss or forfeiture, in which event the City or such sublessee will promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

Amendments

The Lease Agreement and the Ground Lease may be amended and the rights and obligations of the Authority and the City thereunder may be amended at any time by an amendment thereto which will become binding upon execution and delivery by the Authority and the City but only with the prior written consent of the Owners of a majority of the principal amount of the Bonds then Outstanding pursuant to the Indenture, provided that no such amendment will (i) extend the payment date of any Base Rental Payments, reduce the interest component or principal component of any Base Rental Payments or change the prepayment terms and provisions, without the prior written consent of the Owner of each Bond so affected, or (ii) reduce the percentage of the principal amount of the Bonds the consent of the Owners of which is required for the execution of any amendment of the Lease Agreement or the Ground Lease.

The Lease Agreement and the Ground Lease and the rights and obligations of the Authority and the City thereunder may also be amended at any time by an amendment thereto which will become binding upon execution by the Authority and the City, but without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the agreements, conditions, covenants and terms required by the Authority or the City to be observed or performed in the Lease Agreement or other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the City, or to surrender any right or power reserved therein to or conferred therein on the Authority or the City, and which in either case will not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained therein or in regard to questions arising thereunder which the Authority or the City may deem desirable or necessary and not inconsistent therewith, and which will not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel;

(c) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(d) to provide for the substitution or release of a portion of the Property in accordance with the provisions of the Lease Agreement;

(e) to provide for the issuance of Additional Bonds in accordance with the Indenture; or

(f) to make such other changes therein or modifications thereto as the Authority or the City may deem desirable or necessary, and which will not materially adversely affect the interests of the Owners as evidenced by an Opinion of Bond Counsel.

Assignment

The City and the Authority acknowledge the assignment of the Lease Agreement (except for the Authority's obligations and its rights to give consents or approvals pursuant to the Lease Agreement), and the Base Rental Payments payable thereunder, to the Trustee pursuant to the Assignment Agreement.

THE INDENTURE

Equal Security

In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture will be deemed to be and will constitute a contract among the Authority, the City and the Owners from time to time of the Bonds; and the covenants and agreements set forth in the Indenture to be performed on behalf of the Authority or the City will be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture .

The Owners of the Series 2019B Bonds, and the Series 2024A Bonds will have a co-equal lien on and a security interest in all moneys in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund.

The Series 2019B Bonds and the Series 2024A Bonds will have a coequal lien on and security interest in Net Insurance Proceeds in accordance with the Original Indenture. The Trustee may establish such temporary funds, accounts as may be necessary or desirable to accomplish all deposits and transfers required under the Indenture.

Series 2024A Bonds Costs of Issuance Fund

The Trustee will establish and maintain a separate fund designated the "Series 2024A Bonds Costs of Issuance Fund." On the Closing Date for the Series 2019B Bonds, there will be deposited in the Series 2024A Bonds Costs of Issuance Fund the amount specified in the First Supplemental Indenture.

The moneys in the Series 2024A Bonds Costs of Issuance Fund will be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Authority stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Series 2024A Bonds Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior disbursement from the Series 2024A Bonds Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. On January 1, 2026, all amounts, if any, remaining in the Series 2024A Bonds Costs of Issuance Fund will be withdrawn therefrom by the Trustee and transferred to the Base Rental Payment Fund and the Series 2024A Bonds Costs of Issuance Fund will be closed.

Conditions for the Issuance of Additional Bonds

The Authority may at any time issue one or more Series of Additional Bonds (in addition to the Series 2019B Bonds) payable from Base Rental Payments as provided in the Indenture on a parity with all other

Bonds theretofore issued under the Indenture, but only subject to the following conditions, which are conditions precedent to the issuance of such Additional Bonds:

(a) The issuance of such Additional Bonds will have been authorized under and pursuant to the Indenture and will have been provided for by a Supplemental Indenture which will specify the following:

(1) The application of the proceeds of the sale of such Additional Bonds;

(2) The principal amount and designation of such Series of Additional Bonds and the denomination or denominations of the Additional Bonds;

(3) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that (i) the serial Bonds of such Series of Additional Bonds will be payable as to principal annually on May 1 or November 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds will have annual mandatory sinking fund redemptions on May 1, (ii) the Additional Bonds will be payable as to interest semiannually on November 1 and May 1 of each year, except that the first installment of interest may be payable on either November 1 or May 1 and will be for a period of not longer than twelve months and the interest will be payable thereafter semiannually on November 1 and May 1, (iii) all Additional Bonds of a Series of like maturity will be identical in all respects, except as to number or denomination, and (iv) serial maturities of serial Bonds or mandatory' sinking fund redemptions for term Bonds, or any combination thereof, will be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(4) The redemption premiums and terms, if any, for such Additional Bonds;

(5) The form of such Additional Bonds;

(6) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof;

(b) The Authority will be in compliance with all agreements, conditions, covenants and terms contained in the Indenture, in the Lease Agreement and in the Ground Lease required to be observed or performed by it;

(c) The City will be in compliance with all agreements, conditions, covenants and terms contained in the Indenture, in the Lease Agreement and in the Ground Lease required to be observed or performed by it; and

(d) The Ground Lease will have been amended, to the extent necessary, and the Lease Agreement will have been amended so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds, payable at such times and in such manner as may be necessary to provide for the payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment will be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period will be in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith (evidence of the satisfaction of such condition will be made by a Written Certificate of the City).

Nothing contained in the Indenture will limit the issuance of any bonds or other obligations payable from Base Rental Payments if, after the issuance and delivery of such bonds or other obligations, none of the Bonds theretofore issued under the Indenture will be Outstanding.

Procedure for the Issuance of Additional Bonds

At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds will be executed by the Authority for issuance under the Indenture and will be delivered to the Trustee and thereupon will be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

(a) Certified copies of the Supplemental Indenture authorizing the issuance of such Additional Bonds, the amendment to the Lease Agreement required by the Indenture and the amendment to the Ground Lease, if any, required by the Indenture, together with satisfactory evidence that such amendment to the Lease Agreement and such amendment to the Ground Lease, if any, have been duly recorded;

(b) A Written Request of the Authority as to the delivery of such Additional Bonds;

(c) An opinion of Bond Counsel substantially to the effect that (i) the Indenture (including all Supplemental Indentures), the Lease Agreement (including the amendment thereto required by the Indenture) and the Ground Lease (including any amendment thereto required by the Indenture) have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Authority and the City, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), (ii) such Additional Bonds constitute valid and binding special obligations of the Authority payable solely from Base Rental Payments as provided in the Indenture and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), and (iii) the issuance of such Additional Bonds, in and of itself, will not adversely affect the exclusion of interest on the Bonds Outstanding prior to the issuance of such Additional Bonds from gross income for federal income tax purposes;

(d) a Written Certificate of the Authority that the requirements of the Lease Agreement have been met;

(e) a Written Certificate of the City that the requirements of the Indenture have been met, and a Written Certificate of the City as to the fair rental value of the Property, after giving effect to the execution and delivery of the Additional Bonds, and to the use of proceeds received therefrom; and

(f) Such further documents as are required by the provisions hereof or by the provisions of the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Additional Bonds

So long as any of the Bonds remain Outstanding, the Authority will not issue any Additional Bonds or obligations payable from the Base Rental Payments, except pursuant to the Indenture.

Pledge; Special Obligations

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund are pledged to secure the payment of the principal of premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge will constitute a first lien on such assets.

All obligations of the Authority under the Indenture will be special obligations of the Authority, payable solely from Rental Payments and the other assets pledged therefor thereunder; provided, however, that all obligations of the Authority under the Bonds will be special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

Flow of Funds

All Base Rental Payments will be paid directly by the City to the Trustee, and if received by the Authority at any time will be transferred by the Authority with the Trustee within one Business Day after the receipt thereof. All Base Rental Payments received by the Trustee will be deposited by the Trustee in the Base Rental Payment Fund.

The Trustee will transfer the amounts on deposit in the Base Rental Payment Fund, at the times and in the manner provided in the Indenture, to the following respective funds.

Interest Fund. On the Business Day immediately preceding each Interest Payment Date, the Trustee will transfer from the Base Rental Fund to the Interest Fund the amount, if any, necessary to cause the amount on deposit in the Interest Fund to be equal to the interest due on the Bonds on such Interest Payment Date.

Principal Fund. On the Business Day immediately preceding each May 1 and November 1, commencing May 1, 2013, the Trustee will transfer from the Base Rental Fund to the Principal Fund the amount, if any, necessary to cause the amount on deposit in the Principal Fund to be equal to the principal amount of the Bonds due on such May 1 or November 1, either as a result of the maturity thereof or mandatory sinking fund redemption payments required to be made with respect thereto. Moneys in the Principal Fund will be used by the Trustee for the purpose of paying the principal of the Bonds when due and payable at their maturity dates or upon earlier mandatory sinking fund redemption.

Redemption Fund. The Trustee, on the redemption date specified in the Written Request of the City filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Lease Agreement, will deposit in the Redemption Fund that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Additionally, the Trustee will deposit in the Redemption Fund any amounts required to be deposited therein pursuant to the Indenture. Moneys in the Redemption Fund will be used by the Trustee for the purpose of paying the principal of and interest and premium, if any, on the Series 2019B Bonds and the Series 2024A Bonds redeemed pursuant to the corresponding provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Application of Net Insurance Proceeds

If the Property or any portion thereof will be damaged or destroyed, subject to the further requirements of the Indenture, the City will, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the City elects not to repair or replace the Property or the affected portion thereof in accordance with the provisions of the Indenture.

The Net Insurance Proceeds (other than Net Insurance Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof will as soon as possible be deposited with the Trustee and be held by the Trustee in a special account and made available for and, to the extent necessary, will be applied to the cost of repair or replacement of the Property or the affected portion thereof upon receipt of a Written Request of the City, together with invoices therefor. Pending such application, such proceeds may be invested by the Trustee as directed by the City in Permitted Investments that mature not later than such times as moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, the City will, within sixty (60) days of the occurrence of the event of damage or destruction, notify the Trustee in writing as to whether the City intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the City does intend to replace or repair the Property or portions thereof, the City will deposit with the Trustee the full amount of any insurance deductible to be credited to the special account.

If the damage, destruction or loss was such that there resulted a substantial interference with the City's right to the use or occupancy of the Property and an abatement of Rental Payments results from such damage or destruction pursuant to the Lease Agreement, then the City will be required either to (a) apply sufficient funds from the insurance proceeds and other legally available funds to the replacement or repair of the Property or the portions thereof which have been damaged to the condition which existed prior to such damage or destruction, or (b) apply sufficient funds from the insurance proceeds and other legally available funds to the redemption, as set forth in the Indenture and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued, in full of all the Outstanding Bonds or all of those Outstanding Bonds which would have been payable from that portion of the Base Rental Payments which are abated as a result of the damage or destruction. Funds to be applied to the redemption of Bonds in accordance with clause (b) above will be deposited in the Redemption Fund. If the City is not required to replace or repair the Property, or the affected portion thereof, as set forth in clause (a) above or to use such amounts to redeem Bonds as set forth in clause (b) above, then such proceeds will, if there is first delivered to the Trustee a Written Certificate of the City to the effect that the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Lease Agreement in the then current Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the principal amount of the Outstanding Bonds, be paid to the City to be used for any lawful purpose.

The proceeds of any award in eminent domain received in respect to the Property will be deposited by the Trustee in the Redemption Fund and applied to the redemption of Bonds pursuant to the Indenture and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

Title Insurance

Proceeds of any policy of title insurance received by the Trustee in respect of the Property will be applied and disbursed by the Trustee, upon written direction of the City, as follows:

(a) if the City determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Rental Payments payable by the City under the Lease Agreement, such proceeds will be remitted to the City and used for any lawful purpose thereof, or

(b) if the City determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement of Rental Payments payable by the City under the Lease Agreement, then the Trustee will immediately deposit such proceeds in the Redemption Fund and such proceeds will be applied to the redemption of Bonds in the manner provided in the Indenture and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

Investment of Moneys

Except as otherwise provided in the Indenture, all moneys in any of the funds or accounts established pursuant to the Indenture and held by the Trustee will be invested by the Trustee solely in Permitted Investments, as directed in writing by the Authority. Moneys in all funds and accounts held by the Trustee will be invested in Permitted Investments maturing not later than the date on which it is estimated that such money s will be required for the purposes specified in the Indenture; provided, however, that such Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date. Absent timely written direction from the Authority, the Trustee will hold any funds held by it uninvested.

Subject to the provisions of the Indenture, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Indenture will be retained therein.

Permitted Investments acquired as an investment of moneys in any fund established under the Indenture will be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund will be valued by the Trustee at the fair market value thereof, such valuation to be performed not less frequently than semiannually on or before each May 15 and November 15. In determining fair market value, the Trustee may use and rely conclusively on any generally recognized securities pricing service available to it (including brokers and dealers in securities).

The Trustee may act as principal or agent in the making or disposing of any investment, Upon the Written Request of the Authority, the Trustee will sell or present for redemption any Permitted Investments so purchased whenever it will be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited, and the Trustee will not be liable or responsible for any loss resulting from any investment made or sold pursuant to the Indenture. For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established under the Indenture.

The Trustee may make any investments under the Indenture through the bond or investment department or trust investment department of the entity acting as Trustee under the Indenture, or those of such entity's parent or any affiliate, and such entity, or its parent or affiliate, as applicable, will be entitled to its normal, customary and reasonable compensation for such services.

The entity acting as Trustee under the Indenture, or any of its affiliates, may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture and such entity, or its affiliate, as applicable, will be entitled to its normal, customary and reasonable compensation for such services.

The Authority and the City acknowledge in the Indenture that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority and the City the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the Authority and the City specifically waive receipt of such confirmations to the extent permitted by law.

Covenants

Compliance with Agreements. The Trustee will not authenticate or deliver any Bonds in any manner other than in accordance with the provisions of the Indenture, and the Authority and the City will not suffer or permit any default by them to occur under the Indenture, but wilt faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms of the Indenture required to be complied with, kept, observed and performed by them. The Authority agrees to remain bound by such covenant regardless of whether or not the City of Riverside, as successor agency to the Redevelopment Agency of the City of Riverside, remains a member of the Authority.

Compliance with Ground Lease and Lease Agreement. The Authority and the City will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Ground Lease and the Lease Agreement required to be complied with, kept, observed and performed by them and, together with the Trustee, will enforce the Ground Lease and the Lease Agreement against the other party thereto in accordance with their respective terms. The Authority agrees to remain bound by such covenant regardless of whether or not the Redevelopment Agency of the City of Riverside remains a member of the Authority.

Observance of Laws and Regulations. The Authority, the City and the Trustee will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges will be maintained and preserved and will not become abandoned, forfeited or in any manner impaired.

Other Liens. The City will keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability which materially impairs the City in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the City ten (10) days' written notice to comply therewith and failure of the City to so comply within such ten-day period) may, but is in no event obligated to, defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee will not in any event be deemed to have waived or released the City from liability for or on account of any of its agreements and covenants contained in the Indenture, or from its liability under the Indenture and to perform such agreements and covenants.

So long as any Bonds are Outstanding, none of the Trustee, the Authority or the City will create or suffer to be created any pledge of or lien on the amounts on deposit in any of the funds or accounts created under the Indenture, other than the pledge and lien as provided for or permitted under the Indenture.

The Authority and the Trustee will not encumber the Property other than in accordance with the Ground Lease, the Lease Agreement, the Indenture and the Assignment Agreement.

Prosecution and Defense of Suits. The City will promptly, upon request of the Trustee (wchi request the Trustee is not required to make), take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Property or any part thereof, whether now existing or hereafter developing, will prosecute all actions, suits or other proceedings as may be appropriate for such purpose and will indemnify and save the Trustee harmless from all cost, damage, expense or loss, including attorneys' fees and expenses, which it or the Owners may incur by reason of any such cloud, defect, action, suit or other proceeding.

Accounting Records and Statements. The Trustee will keep proper accounting records in which complete and correct entries will be made of all transactions made by the Trustee relating to the receipt, deposit and disbursement of the Base Rental Payments, and such accounting records will be available for inspection by the Authority and the City at reasonable hours and under reasonable conditions upon reasonable notice.

Recordation and Filing. The City will record, or cause to be recorded, with the appropriate City recorder, the Lease Agreement, the Ground Lease and the Assignment Agreement, or memoranda thereof.

Tax Covenants.

(a) Neither the Authority nor the City will take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on any tax-exempt Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority and the City will comply with the requirements of the Tax Certificate, which is incorporated in the Indenture as if fully set forth therein. This covenant will survive payment in full or defeasance of the Bonds.

(b) In the event that at any time the Authority is of the opinion that for purposes of the Indenture it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established under the Indenture, the Authority will so instruct the Trustee in writing, and the Trustee will take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding the foregoing, if the Authority provides to the Trustee an Opinion of Counsel to the effect that any specified action required described above is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of the Indenture and of the Tax Certificate, and the covenants under the Indenture will be deemed to be modified to that extent.

Continuing Disclosure. The City will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the City to comply with the Continuing Disclosure Certificate will not constitute an event of default under the Indenture; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate principal amount of Outstanding Bonds, and upon being indemnified to its reasonable satisfaction therefor, will) or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Further Assurances. Whenever and so often as requested to do so by the Trustee, the Authority and the City will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon it by the Indenture, the Assignment Agreement, the Ground Lease or the Lease Agreement.

Action on Default

If an event of default (within the meaning of the Lease Agreement) will happen, then such event of default will constitute an event of default under the Indenture. The Trustee shall give notice, as assignee of the Authority, of an event of default under the Lease Agreement to the City. In each and every case during the continuance of an event of default, the Trustee may and, at the direction of the Owners of not less than a majority of the aggregate principal amount of Bonds then Outstanding, and upon being indemnified to is reasonable satisfaction therefor, will, upon notice in writing to the City and the Authority, exercise any of the remedies granted to the Authority under the Lease Agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by the Indenture or by the Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in the Indenture.

Other Remedies of the Trustee

Subject to the provisions of the Indenture, the Trustee will have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or the City or any member, director, officer or employee thereof, and to compel the Authority or the City or any such member, director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained in the Indenture;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any default under the Indenture to require the Authority and the City to account as the trustee of an express trust.

Nothing in the Indenture will be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Non-Waiver

A waiver of any default or breach of duty or contract by the Trustee will not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract will impair any such right or remedy or will be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by the Indenture may be enforced and exercised from time to time and as often the Trustee will deem expedient.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or any Owner, then subject to any adverse determination, the Trustee, such Owner, the Authority and the City will be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive

Subject to the provisions of the Indenture, no remedy in the Indenture conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy will be cumulative and will be in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy under the Indenture, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

No Liability by the Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of the other agreements and covenants required to be performed by it contained in the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

No Liability by the City to the Owners

Except for the payment when due of the Base Rental Payments and the performance of the other agreements and covenants required to be performed by it contained in the Lease Agreement, the Ground Lease or the Indenture, the City will not have any obligation or liability to the Owners with respect to the Indenture or the preparation, execution, delivery or transfer of the Bonds or the disbursement of the Base Rental Payments by the Trustee to the Owners, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

No Liability of the Trustee to the Owners

Except as expressly provided in the Indenture, the Trustee will not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the Authority or the City of the other agreements and covenants required to be performed by them contained in the Lease Agreement, the Ground Lease or the Indenture.

Application of Amounts After Default

All payments received by the Trustee with respect to the rental of the Property after a default by the City pursuant to the Lease Agreement (including, without limitation, any proceeds received in connection with the sale, assignment or sublease of the Authority's right, title and interest in the Ground Lease), and all damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under the Lease Agreement, will be deposited into the Base Rental Payment Fund and as soon as practicable thereafter applied, together with all other funds held under the Indenture (except funds in the Rebate Fund):

(a) to the payment of all amounts due the Trustee under the Indenture;

(b) to the payment of all amounts then due for interest on the Bonds, in respect of which, or for the benefit of which, money has been collected (other than Bonds which have become payable prior to such event of default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of interest on such Bonds due and payable; and

(c) to the payment of all amounts then due for principal of the Bonds, in respect of which, or for the benefit of which, money has been collected (other than Bonds which have become payable prior to such event of default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of principal of such Bonds due and payable.

Trustee May Enforce Claims Without Possession of Bonds

All rights of action and claims under the Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee will be brought in its own name as trustee of an express trust, and any recovery of judgment will, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners in respect of which such judgment has been recovered.

Limitation on Suits

No Owner of any Bond will have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or Trustee, or for any other remedy under the Indenture, unless (a) such Owner has previously given written notice to the Trustee of a continuing event of default; (b) the Owners of not less than 25% of the aggregate principal amount of Bonds then Outstanding will have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Indenture; (c) such Owner or Owners will have afforded to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity will have failed to institute any such proceedings; and (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority of the aggregate principal amount of Bonds then Outstanding; it being understood and intended that no one or more Owners will have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other Owner, or to obtain or seek to obtain priority or preference over any other Owner or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all the Owners.

Employment of the Trustee

The Authority appoints and employs the Trustee to receive, deposit and disburse the Base Rental Payments, to authenticate, deliver and transfer the Bonds and to perform the other functions contained in the Indenture, all in the manner provided in the Indenture and subject to the conditions and terms of the Indenture. By executing and delivering the Indenture, the Trustee accepts the appointment and employment referred to above and accepts the rights and obligations of the Trustee provided in the Indenture, subject to the conditions and terms of the Indenture. Other than when an event of default has occurred and is continuing, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations will be read into the Indenture against the Trustee. In case an event of default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Trustee covenants and agrees that it will not encumber the Property except as set forth in the Assignment Agreement.

Duties, Removal and Resignation of the Trustee

The Authority may, by an instrument in writing, remove the Trustee initially a party to the Indenture and any successor thereto unless an event of default has occurred and is continuing, and will remove the Trustee initially a party to the Indenture and any successor thereto if at any time (a) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority of the aggregate principal amount of Bonds at the time Outstanding (or their attorneys duly authorized in writing), or (b) the Trustee ceases to be eligible in accordance with the following sentence, and will appoint a successor Trustee. The Trustee and any successor Trustee will be a banking corporation or association or trust company having (or if such banking corporation or association or trust company is a member of a bank holding company, its bank holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least $50,000,000 and subject to supervision or examination by federal or state authorities. If such banking corporation or association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the Indenture the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the Authority and the City and by giving notice, by first-class mail, postage prepaid, of such resignation to the Owners at their addresses appearing on the Registration Books. Upon receiving such notice of resignation, the Authority will promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the Authority does not appoint a successor Trustee within 30 days following receipt of such notice of resignation, the resigning Trustee may, at the expense of the Authority, petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of a Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee.

Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, provided that such entity meets the combined capital and surplus requirements of the Indenture, ipso facto, will be and become successor trustee under the Indenture and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to the Indenture, anything to the contrary therein notwithstanding.

Compensation of the Trustee

The City will from time to time, subject to any written agreement then in effect with the Trustee, pay the Trustee reasonable compensation for all its services rendered under the Indenture and reimburse the Trustee for all its reasonable advances and expenditures (which will not include "overhead expenses" except as such expenses are included as a component of the Trustee's stated annual fees) under the Indenture, including but not limited to advances to and reasonable fees and reasonable expenses of accountants, agents, appraisers, consultants or other experts, and counsel not directly employed by the Trustee but an attorney or firm of attorneys retained by the Trustee, employed by it in the exercise and performance of its rights and obligations under the Indenture. The Trustee may take whatever legal actions are lawfully available to it directly against the Authority or the City.

The City will, to the extent permitted by law, indemnify and save the Trustee harmless against any liabilities, costs, claims or expenses, including those of its attorneys, which it may incur in the exercise and performance of its powers and duties under the Indenture, under the Lease Agreement, or in connection with any document or transaction contemplated thereunder, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct. The duty of the City to indemnify the Trustee shall survive the termination and discharge of the Indenture and the earlier removal or resignation of the Trustee.

No provision of the Indenture requires the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture or in the exercise of any of its rights or powers thereunder.

Upon an Event of Default, and only upon an Event of Default, the Trustee will have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the trust estate for the foregoing fees, charges and expenses incurred by it. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Protection of the Trustee

The Trustee will be protected and will incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of the Indenture, and the Trustee will be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Owners of the Bonds pursuant to the Indenture, unless such Owners will have offered to the Trustee security or indemnity, reasonably satisfactory to the Trustee, against the reasonable costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The Trustee may consult with counsel, who may be counsel to the Authority or the City, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect to any action taken or suffered by it under the Indenture in good faith in accordance therewith.

The Trustee will not be responsible for the sufficiency of the Bonds or the Lease Agreement, or of the assignment made to it by the Assignment Agreement, or for statements made in any preliminary or final official statement relating to the Bonds, or of the title to the Property.

Whenever in the administration of its rights and obligations under the Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the

Indenture, such matter (unless other evidence in respect thereof is specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a Written Certificate of the City or a Written Certificate of the Authority, and such certificate will be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it deems reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority or the City, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Authority or the City as freely as if it were not the Trustee under the Indenture.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers of the Indenture and perform any rights and obligations required of it thereunder by or through agents, attorneys or receivers, and will be entitled to advice of counsel concerning all matters of trust and its rights and obligations under the Indenture, and the Trustee will not be answerable for the negligence or misconduct of any such agent, attorney or receiver selected by it with reasonable care; provided, however, that in the event of any negligence or misconduct of any such attorney, agent or receiver, the Trustee will in a commercially reasonable manner pursue all remedies of the Trustee against such agent, attorney or receiver. The Trustee will not be liable for any error of judgment made by it in good faith unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee will not be answerable for the exercise of any trusts or powers under the Indenture or for anything whatsoever in connection with the funds established thereunder, except only for its own willful misconduct, negligence or breach of an obligation thereunder.

The Trustee will not be deemed to have knowledge of an event of default unless it has actual knowledge thereof.

The Trustee may, on behalf of the Owners, intervene in any judicial proceeding to which the Authority or the City is a party and which, in the opinion of the Trustee and its counsel, affects the Bonds or the security therefor, and will do so if requested in writing by the Owners of at least 5% of the aggregate principal amount of Bonds then Outstanding, provided the Trustee will have no duty to take such action unless it has been indemnified to its reasonable satisfaction against all risk or liability arising from such action.

The Trustee's rights to immunities and protection from liability under the Indenture and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds.

All indemnifications and releases from liability granted in the Indenture to the Trustee will extend to the directors, officers, employees and agents of the Trustee.

The permissive right of the Trustee to do things enumerated in the Indenture will not be construed as a duty, and the Trustee will not be answerable for other than its negligence or willful default. The Trustee will have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds. The Trustee will not be accountable for the use or application by the Borrower of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of the Indenture or for the use and application of money received by any paying agent.

The Trustee agrees to accept and act upon instructions or directions pursuant to the Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Trustee has received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate will be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions will be deemed controlling. The Trustee will not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority and the City agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including, without limitation, the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

In acting or omitting to act pursuant to the Lease Agreement or Ground Lease, the Trustee will be entitled to all of the rights, immunities and indemnities accorded to it under the Indenture and the Lease Agreement.

Modification or Amendments to Indenture

The Indenture and the rights and obligations of the Authority, the City, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, which will have been filed with the Trustee. No such modification or amendment will (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or the rate of interest thereon, or extend the time of payment, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Base Rental Payments and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture or deprive the Owners of the Bonds of the lien created by the Indenture on such Base Rental Payments and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It will not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it will be sufficient if such consent will approve the substance thereof.

The Indenture and the rights and obligations of the Authority, the City, the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into without the consent of any Bond Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority or the City in the Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power in the Indenture reserved to or conferred upon the Authority or the City;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(iv) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(v) to modify, amend or supplement the Indenture in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America;

(vi) to substitute the Leased Premises, or a portion thereof, in accordance with the Lease; and

(vii) in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners under the Indenture, in the opinion of Bond Counsel filed with the Authority, the City and the Trustee.

Promptly after the execution by the Authority, the City and the Trustee of any Supplemental Indenture, the Trustee will mail a notice (the form of which will be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such Supplemental Indenture.

No Supplemental Indenture will modify any of the rights or obligations of the Trustee without its prior written consent.

Supplemental Indenture

Upon the execution of any Supplemental Indenture pursuant to the Indenture, the Indenture will be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the City, the Trustee and all Owners of Bonds Outstanding will thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture will be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement of Bonds; Preparation of New Bonds

Bonds delivered after the execution of any Supplemental Indenture pursuant to the Indenture may, and if the Authority so determines will, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Trustee a suitable notation will be made on such Bonds. If the Supplemental Indenture will so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, will be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding will be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same interest rate and maturity.

Amendment of Particular Bonds

The provisions of the Indenture will not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

Discharge of Indenture

If the Authority will pay or cause to be paid or there will otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated in the Indenture, then the Owners of such Bonds will cease to be entitled to the pledge of the Base Rental and the other assets as provided in the Indenture, and all agreements, covenants and other obligations of the Authority and the City to the Owners of such Bonds under the Indenture will thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee will execute and deliver to the Authority and the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee will pay over or deliver to the Authority all money or securities held by it pursuant hereto which are not required for the payment of the principal of and interest and premium, if any, on such Bonds.

Subject to the provisions of the above paragraph, when any of the Bonds will have been paid and if, at the time of such payment, the Authority and the City will have kept, performed and observed all of the covenants and promises in such Bonds and in the Indenture required or contemplated to be kept, performed and observed by them on or prior to that time, then the Indenture will be considered to have been discharged in respect of such Bonds and such Bonds will cease to be entitled to the lien of the Indenture and such lien and all covenants, agreements and other obligations of the Authority and the City under the Indenture will cease, terminate become void and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of the Indenture or the discharge of the Indenture in respect of any Bonds, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, will remain in effect and will be binding upon the Trustee and the Owners of the Bonds and the Trustee will continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the satisfaction and discharge of the Indenture or the discharge of the Indenture in respect of any Bonds, those provisions of the Indenture relating to the compensation and indemnity of the Trustee will remain in effect and will be binding upon the Trustee, the City, and the Authority.

Bonds Deemed to Have Been Paid

If moneys will have been set aside and held by the Trustee for the payment or redemption of any Bonds and the interest thereon at the maturity or redemption date thereof, such Bonds will be deemed to have been paid within the meaning and with the effect provided in the Indenture. Any Outstanding Bonds will prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the Indenture if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority will have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of the Indenture, notice of redemption of such Bonds on said redemption date, said notice to be given in accordance with the Indenture, (b) there will have been deposited with the Trustee either (i) money in an amount which will be sufficient, or (ii) Federal Securities that are not subject to redemption other than at the option of the holder thereof, the interest on and principal of which when paid will provide money which, together with the money, if any deposited with the Trustee at the same time, will, as verified by an independent certified public accountant, be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bonds, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority will have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the owners of such Bonds that the deposit required by clause (b) above has been made with the Trustee and that such Bonds, are deemed to have been paid in accordance with the Indenture and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bonds.

Payment of Bonds After Discharge of Indenture

Notwithstanding any provisions of the Indenture, to the extent permitted by law, any moneys held by the Trustee in trust for the payment of the principal of or premium or interest on, any Bonds and remaining unclaimed for two years after the date of deposit of such moneys, will be repaid to the Authority free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys will thereupon cease; provided, however, that before the repayment of such money s to the Authority as aforesaid, the Trustee may (at the cost of the Authority) first mail, by first class mail postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

Benefits Indenture Limited to Parties

Nothing contained in the Indenture, expressed or implied, is intended to give to any person other than the Authority, the City, the Trustee and the Owners any claim, remedy or right under or pursuant to the Indenture, and any agreement, condition, covenant or term required therein to be observed or performed by or on behalf of the Authority or the City is for the sole and exclusive benefit of the Trustee and the Owners.

Successor Deemed Included in all References to Predecessor

Whenever the Authority, the City or the Trustee, or any officer thereof, is named or referred to in the Indenture, such reference will be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority, the City or the Trustee, or such officer, and all agreements, conditions, covenants and terms required by the Indenture to be observed or performed by or on behalf of the Authority, the City or the Trustee, or any officer thereof, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Execution of Documents by Owners

Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient. The ownership of any Bonds and the amount, payment date, number and date of owning the same may be proved by the Registration Books. Any declaration, request or other instrument in writing of the Owner of any Bond will bind all future Owners of such Bond with respect to anything done or suffered to be done by the Authority, the City or the Trustee in good faith and in accordance therewith.

Waiver of Personal Liability

Notwithstanding anything contained in the Indenture to the contrary, no member, officer or employee of the Authority or the City will be individually or personally liable for the payment of any moneys, including without limitation, the principal of or interest on the Bonds, but nothing contained in the Indenture relieves any member, officer or employee of the City or the Authority from the performance of any official duty provided by any applicable provisions of law, by the Lease Agreement or by the Indenture.

Destruction of Bonds

Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds.

Funds and Accounts

Any fund or account required to be established and maintained in the Indenture by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund, but all such records with respect to all such funds and accounts will at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Owners. The Trustee may commingle any of the moneys held by it under the Indenture for investment purposes only; provided, however, that the Trustee will account separately for the moneys in each fund or account established pursuant to the Indenture. The Trustee may establish such funds and accounts as it deems necessary or appropriate to perform its obligations under the Indenture.

Partial Invalidity

If any one or more of the agreements, conditions, covenants or terms required in the Indenture to be observed or performed by or on the part of the Authority, the City or the Trustee are contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms will be null and void to the extent contrary to law and will be deemed separable from the remaining agreements, conditions, covenants and terms of the Indenture and will in no way affect the validity hereof or of the Bonds, and the Owners will retain all the benefit, protection and security afforded to them under any applicable provisions of law. The Authority, the City and the Trustee declare in the Indenture that they would have executed the Indenture, and each and every Article, Section, paragraph, subsection, sentence, clause and phrase thereof and would have authorized the execution and delivery of the Bonds pursuant to the Indenture irrespective of the fact that any one or more Articles, Sections, paragraphs, subsections, sentences, clauses or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Disqualified Bonds

In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are actually known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, will be disregarded and deemed not to be Outstanding for the purpose of any such determination; except that, in determining whether the Trustee will be protected in relying upon any such demand, request, direction, consent or waiver of an Owner, only Bonds which the Trustee actually knows to be owned or held by or for the account of the Authority or the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, will be disregarded unless all Bonds are so owned or held, in which case such Bonds will be considered Outstanding for the purpose of such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of the Indenture if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel will be full protection to the Trustee.

Money Held for Particular Bonds

The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) will, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of the Indenture but without any liability for interest thereon.

Payment on Non-Business Days

In the event any payment is required to be made under the Indenture on a day which is not a Business Day, such payment will be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

California Law

The Indenture will be construed and governed in accordance with the laws of the State of California.

Tax Covenants

General. The City and the Authority have covenanted with the holders of the Series 2019B Bonds and the Series 2024A Bonds that, notwithstanding any other provisions of the Indenture (to the extent that the Authority may have control over the Property or the proceeds of the Series 2019B Bonds), they will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest with respect to the Series 2019B Bonds and the Series 2024A Bonds under Section 103 of the Code. The City and the Authority (to the extent that the Authority may have control over the Property or the proceeds of the Series 2019B Bonds) will not, directly or indirectly, use or permit the use of proceeds of the Series 2019B Bonds and the Series 2024A Bonds or the Property, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code), in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of interest due with respect to the Series 2019B Bonds and the Series 2024A Bonds.

Use of Proceeds. The City and the Authority (to the extent that the Authority may have control over the Property or the proceeds of the Series 2019B Bonds) will not take any action, or fail to take any action, if any such action or failure to take action would cause the Series 2019B Bonds and the Series 2024A Bonds to be "private activity bonds" within the meaning of Section 141 of the Code, and in furtherance thereof, will not make any use of the proceeds of the Series 2019B Bonds and the Series 2024A Bonds or the Property, or any portion thereof, or any other funds of the City, that would cause the Series 2019B Bonds and the Series 2024A Bonds to be "private activity bonds" within the meaning of Section 141 of the Code. To that end, so long as any Series 2019B Bonds and the Series 2024A Bonds are outstanding, the City and the Authority, with respect to such proceeds, the Property and such other funds, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder and under Section 103 of the Code, to the extent such requirements are, at the time, applicable and in effect. The City will establish reasonable procedures necessary to ensure continued compliance with Section 141 of the Code and the continued qualification of the Series 2019B Bonds and the Series 2024A Bonds as "governmental bonds."

Arbitrage. The City and the Authority (to the extent that the Authority may have control over the Property or the proceeds of the Bonds) will not, directly or indirectly, use or permit the use of any proceeds of any Series 2019B Bonds and the Series 2024A Bonds, or of the Property, or other funds of the City, or take or omit to take any action, that would cause the Series 2019B Bonds and the Series 2024A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the City and the Authority will comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Series 2019B Bonds and the Series 2024A Bonds.

Federal Guarantee. The City and the Authority (to the extent that the Authority may have control over the proceeds of the Series 2019B Bonds) will not make any use of the proceeds of the Series 2019B Bonds or any other funds of the City, or take or omit to take any other action, that would cause the Series 2019B Bonds and the Series 2024A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Compliance with Tax Certificate. In furtherance of the foregoing tax covenants, the City covenants that it will comply with the provisions of the Tax Certificate, which is incorporated in the Indenture as if fully set forth in the Indenture. These covenants will survive payment in full or defeasance of the Series 2019B Bonds and the Series 2024A Bonds.

Rebate Fund

General. The Trustee has previously established a special fund designated the "Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund will be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts will be free and clear of any lien under the Indenture and will be governed by the Second Supplement Indenture and the Original Indenture and by the Tax Certificate executed by the City. The Trustee will be deemed conclusively to have complied with the Rebate Requirement if it follows the directions of the City, and will have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the City with the Rebate Requirement. The Trustee will have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the City with the terms of the Indenture or the Tax Certificate.

(i) Within 45 days of the end of the fifth Bond Year and each fifth Bond Year thereafter, (1) the City will calculate or cause to be calculated with respect to the Series 2019B Bonds and the Series 2024A Bonds the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Treasury Regulations, and (2) the City will make an Additional Rental Payment under the Lease and transfer to the Trustee for deposit in the Rebate Fund, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the "rebate amount" so calculated.

(ii) The City will not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (a) equals or exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under the Indenture.

Withdrawal Following Payment of Series 2019B Bonds and the Series 2024A Bonds. Any funds remaining in the Rebate Fund after prepayment of all the Series 2019B Bonds and the Series 2024A Bonds and any amounts described in the Indenture, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee, will be withdrawn by the Trustee and remitted to the City.

Withdrawal for Payment of Rebate. Upon the City's written direction, but subject to the exceptions contained in the Indenture to the requirement to calculate the "rebate amount" and make deposits to the Rebate Fund, the Trustee will pay to the United States, from amounts on deposit in the Rebate Fund, not later than 60 days after the end of (1) the fifth Bond Year, and (2) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations.

Rebate Payments. Each payment required to be made pursuant to the Indenture will be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and will be accompanied by Internal Revenue Service Form 8038-T, which will be completed by the arbitrage rebate consultant for execution by the City and provided to the Trustee.

Deficiencies in the Rebate Fund. In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City will calculate the amount of such deficiency and direct the Trustee to deposit an amount received from the City equal to such deficiency into the Rebate Fund prior to the time such payment is due.

Withdrawals of Excess Amounts. In the event that immediately following the calculation required by the Indenture, but prior to any deposit made under the Indenture, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with the Indenture, upon written instructions from the City, the Trustee will withdraw the excess from the Rebate Fund and credit such excess to the Base Rental Payment Fund.

Record Keeping. The City will retain records of all determinations made in connection with the foregoing until six years after the complete retirement of the Series 2019B Bonds and the Series 2024A Bonds.

Survival of Defeasance. Notwithstanding anything in the Indenture to the contrary, the Rebate Requirement will survive the payment in full or defeasance of the Series 2019B Bonds and the Series 2024A Bonds.

THE ASSIGNMENT AGREEMENT

Pursuant to the Assignment Agreement, the Authority, for good and valuable consideration, the receipt of which is acknowledged, sells, assigns and transfers to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the owners of the Bonds, all of its right, title and interest in and to the Ground Lease and the Lease Agreement, including, without limitation, its right to receive the Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement. The Trustee accepts the foregoing assignment, subject to the terms and provisions of the Indenture, and all such Base Rental Payments will be applied and the rights so assigned will be exercised by the Trustee as provided in the Lease Agreement and the Indenture.

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE YEAR ENDED JUNE 30, 2023

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CITY OF RIVERSIDE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

RIVERSIDE, CALIFORNIA

CITY OF RIVERSIDE, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2023

Prepared by the Finance Department
Kristie Thomas, Finance Director/Assistant Chief Financial Officer

3900 Main Street, Riverside, California 92522 (951) 826-5660

CITY OF RIVERSIDE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

CITY OF RIVERSIDE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

CITY OF RIVERSIDE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

CITY OF
RIVERSIDE

November 8, 2023

To the Honorable Mayor, Members of the City Council and Citizens of the City of Riverside:

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Riverside (the City) for the fiscal year ended June 30, 2023.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a rational basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2023. The independent auditors' report is presented as the first component of the financial section of this ACFR.

The independent audit of the financial statements of the City was part of the federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with emphasis on those involving the administration of federal awards/grants. These reports will become available in the City's separately issued Single Audit Report.

Management has provided an overall analysis of the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with this section. The City's MD&A can be found immediately following the independent auditors' report.

Profile of the City of Riverside

The City of Riverside, incorporated on October 11, 1883, is located in the western portion of Riverside County, about 60 miles east of Los Angeles. The City currently occupies a land area of 81.507 square miles.

The City operates under the council-manager form of government, with a seven-member council 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 the case of a tie. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments. The Council is elected on a non-partisan basis.

The City provides a full range of services which include general government, public safety (police, fire, disaster preparedness, and building inspection), construction and maintenance of highways and streets, economic development, culture and recreation, electric, water, airport, refuse, sewer, and senior citizen/handicap transportation. In addition to general City activities, the Council is financially accountable for the Riverside Housing Authority, Riverside Public Financing Authority, Riverside Municipal Improvements Corporation, and the Successor Agency, which was formed to hold the assets of the former Redevelopment Agency; therefore, these entities are included as an integral part of the City's financial statements. Additional information on these legally separate entities can be found in Note 1 in the Notes to Basic Financial Statements.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments within the general, special revenue, and capital project funds. Formal budgets are not employed for debt service funds because debt indenture provisions specify payments. The permanent fund is not budgeted.

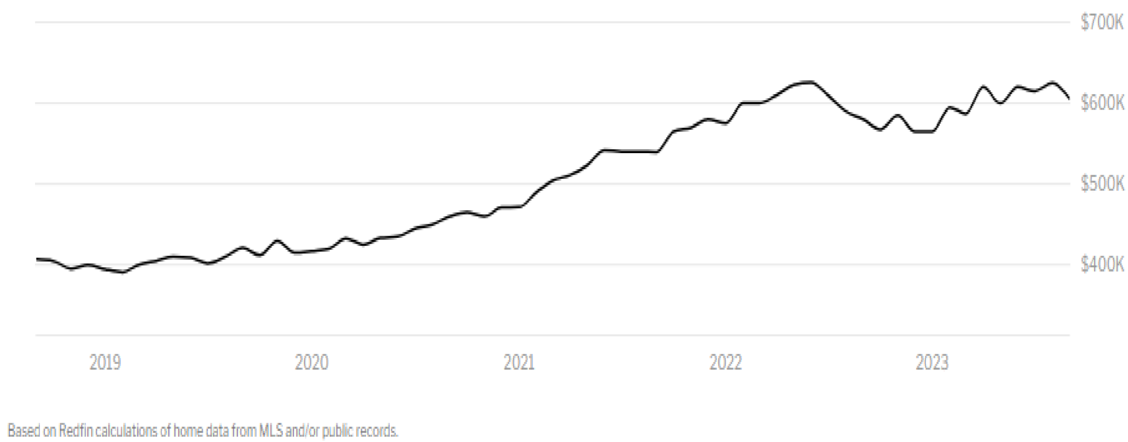
Biennially, during the period December through February, department heads prepare estimates of required appropriations for the following two-year budget cycle. These estimates are compiled into a proposed operating budget that includes a summary of proposed expenditures and financial resources, as well as historical data for the preceding budget cycle. At least thirty-five days prior to the beginning of the fiscal year, the City Manager provides the proposed budget in writing to the City Council for review, followed by presentation at a City Council meeting. Following Council review, a public hearing is set to obtain citizen comments. The City Council generally conducts the public hearing and 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 over the course of the fiscal year. Transfer of appropriations between departments or funds and increased appropriations must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations within a fund. All appropriations shall lapse at the end of the fiscal year to the extent they have not been expended or lawfully encumbered, except for appropriations for capital projects which shall continue to their completion. For the general fund, this comparison is presented on page 26 as part of the basic financial statements for the governmental funds. For governmental funds other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which begins on page 92.

Local economy: The City is located in Inland Southern California, which consists of Riverside and San Bernardino Counties (the "MSA"). The population of Inland Southern California, at approximately 4.6 million, is larger than 26 states. The population of the City is 313,676 which places it as the 12th largest in California. As one of largest cities in the region, Riverside serves as a major economic hub and driver of growth. Its diverse economy encompasses a wide range of industries, including healthcare, education, manufacturing, and logistics, which not only provides local employment opportunities but also bolsters the broader Southern California economy. Additionally, Riverside's strategic location as a transportation and logistics hub, with access to major highways and distribution centers, demonstrates its critical role in facilitating the movement of goods within the region.

The City of Riverside saw an increase in the unemployment rate from 3.8% as of July 2022 to 4.5% as of July 2023. The City's unemployment rate remains lower than the State of California (4.8%) and the County of Riverside (5.0%), but higher than the United States (3.8%). The primary drivers for the decrease in employment in the Riverside metro area's nonfarm payrolls were in the categories of trade, transportation, and utilities; manufacturing; financial activities; and information, which saw decreases in employment from July 2022 to July 2023.

Consumer prices continue to increase at levels not seen in decades. In the Riverside metro area, there was an overall increase in the consumer price index of 3.4%, with food prices increasing by 5.4%, and energy prices decreasing by 9.1%, compared to the United States city average, which experienced an overall increase of 3.2%, with an increase of 4.9% in food prices, and a decrease of 12.5% in energy prices.

In September 2023, Riverside home prices were up 4.3% compared to last year, selling for a median price of $605,000. On average, homes in Riverside currently sell after 22 days on the market compared to 39 days last year. There were 151 homes sold in September this year, down from 236 last year.



Goals and Vision: On October 20, 2020, Council approved the Envision Riverside 2025 Strategic Plan, which is comprised of two components:

1. City Council Strategic Policy, which sets forth the priorities and policy direction of the City Council to advance Riverside's potential and to frame the work efforts over the next five years including the Vision, Cross-Cutting Threads, Strategic Priorities, Indicators, and Goals; and

2. Operational Workplan, which sets forth envisioned actions to be carried out by City staff to implement the City Council Strategic Policy, as well as related metrics to track the trendlines of progress toward achieving City Council priorities and includes the Actions and Performance Measures which will be evaluated and updated by the City Manager on an as-needed basis in conjunction with the City's budget cycle.

Envision Riverside 2025 Strategic Plan Vision: Riverside is a city where every person is respected and cherished, where equity is essential to community well-being, where residents support one another, and where opportunities exist for all to prosper. In Riverside, everyone comes together to help the community, economy, and environment reach their fullest potential for the public good.

Cross-Cutting Threads: Major themes that should be reflected in all our outcomes include Community Trust, Equity, Fiscal Responsibility, Innovation, and Sustainability and Resiliency.

Strategic Priorities and Indicators

Arts, Culture and Recreation Indicators:
- Lifelong Learning
- Shared Uses and Partnerships
- Arts and Cultural Opportunities
- Access to Parks, Trails and Open Spaces
- Programs and Amenities

Community Well-Being Indicators:
- Housing Supply and Attainability
- Public Safety
- Public Health
- Placemaking
- Homelessness
- Household Resilience

Economic Opportunity Indicators:
- Workforce Development
- Business Development and Success
- Local Investment
- Regional Partnerships
- Economic Mobility

Environmental Stewardship Indicators:
- Water Quality, Supply, Efficiency and Reliability
- Climate Resiliency, Carbon Footprint and Air Quality
- Usage, Condition and Quality of Public Lands
- Local Food System Vitality
- Environmental Justice
- Renewable Resource Usage and Waste Reduction

High Performing Government Indicators:
- Community Centered Services
- Adaptive Organization
- Financial Health
- Equity in Delivery of City Services
- Civic Engagement
- City Team Engagement

Infrastructure, Mobility, and Connectivity Indicators:
- Access to Transportation Choices
- Infrastructure Quality and Reliability
- Outside Investment
- Smart City Ecosystem
- Greening Facilities
- Fleet and Systems

With the adoption of the Priority Based Budgeting methodology, the City Council's Strategic Priorities assume a pivotal role in resource allocation decisions, guiding the budget development process for future fiscal years.

Long-term financial planning: The financial results for fiscal year 2022/23 underscore the City's substantial recovery from the impacts of the COVID-19 pandemic. Key revenue streams that bore the brunt of the pandemic's impact, including transient occupancy tax, recreation revenue, and developer fees, have rebounded to pre-pandemic activity levels. After experiencing a pandemic-induced decline in fiscal year 2019/20, sales tax experienced an unconventional two-year surge in fiscal years 2020/21 and 2021/22, before returning to a more conventional growth rate of 3% in fiscal year 2022/23. Nevertheless, the uptick in revenues has been somewhat overshadowed by the backdrop of persistently high inflation and corresponding interest rate hikes by the Federal Reserve, employed as a measure to mitigate the effects of escalating prices.

Since the pandemic, the City, along with other municipalities, has experienced recruitment and hiring challenges, resulting in substantial personnel savings. As a result of these savings and the increase in sales tax revenue, in mid-2023 the City allocated general fund resources of $10 million toward street improvement projects; $5 million to the refuse fund for the purchase of capital equipment; and $2 million to the parking fund to addres deferred maintenance needs. In April 2023, the City Council approved increased parking rates with the aim of achieving financial self-sustainability for the public parking fund.

The City adopted a biennial budget spanning fiscal years 2022/23 and 2023/24. As part of its biennial budget process, the City updates the second year of the budget before the beginning of the fiscal year. An update to the second year of an adopted biennial budget is necessary to ensure the City is proactive and responsive to financial and operational changes. Because the City operates on a biennial budget, amendments to the second fiscal year are typically minor and focus on the following:

- Reviewing and adjusting forecasts of major revenue sources.
- Incorporating the financial impact of City Council actions taken during the fiscal year.
- Addressing new and significant changes in the operating needs of City departments.
- Reviewing and re-prioritizing capital project funding.

The City's amended 2023/24 budget totals $1.38 billion, including the City's operating budget and planned capital projects. In the general fund, revised revenue estimates based on increased sales tax revenue and updated revenue trends added approximately $15 million in available resources. This enabled the City to expand library hours, allocate resources toward economic development, increase security at libraries and recreational facilities, and address other critical needs. The City continues to plan for the future with investments in reserves, including an infrastructure reserve balance of $20.6 million, technology reserve of $3 million, and budgeted contributions to the Section 115 Trust for the long-term management of retirement costs.

CalPERS investment gains of 21.3% in fiscal year 2020/21 resulted in a decrease in the City's required unfunded accrued liability (UAL) payment for fiscal year 2022/23. The City's independent actuary provided UAL payment projections that incorporated actual and potential CalPERS investment returns for fiscal years 2021/22 and 2022/23. As part of the 2023/24 budget amendment, staff analyzed the actuary's projections and the pension obligation bonds (POB) payment schedule, determining a feasible amount and optimal series of Section 115 Trust contributions and withdrawals to smooth the fiscal impact of the payment obligations. The proposed smoothing is projected to result in level payments in the general fund of $45 million annually for a period of 12 years, from fiscal year 2023/24 through fiscal year 2035/36. It is important to note that the required UAL contributions will vary based on actual CalPERS investment returns; Section 115 contributions will help to smooth the fiscal impact of spikes in the required UAL payments in future years.

In September 2023, the City Council approved new 5-year rate plans for the electric, water, and refuse funds. The rate increases will enhance the financial stability of each of the enterprise funds, supporting increases in operational costs as well as investment in capital infrastructure. In conjunction with the adoption of the water rate plan, the City Council directed that all future water general fund transfer collections be placed in a reserve account pending the outcome of pending litigation (refer to Note 25 in the Notes to Basic Financial Statements). Staff will consider the impact of the approximate $8.5 million annual loss of revenue in the general fund during the development of the next biennial budget.

American Rescue Plan Act (ARPA): On March 11, 2021, President Biden passed the $1.9 trillion American Rescue Plan Act (ARPA), which included sending checks to families and offering small business support to stimulate demand and counter the country's high unemployment. The ARPA established the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), which provide a combined $350 billion in assistance to eligible state, local, territorial, and Tribal governments to assist in the recovery from economic and health impacts of the COVID-19 pandemic by providing resources to address impacts resulting from the crisis. The City received one-time funding of approximately $73.5 million from ARPA with the first installment of $36.7 million received in June 2021 and $36.8 million received in June 2022. The City may use the funds to best support the needs of the community providing the use of the funds aligns with one of the following four statutory categories:

1. To respond to the COVID-19 public health emergency or its negative economic impacts;
2. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the recipient that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
3. For the provision of government services, to the extent of the reduction in the revenue of such recipients due to the COVID-19 public health emergency, relative to revenues collected in the most recent full fiscal year of the recipient prior to the emergency; or
4. To make necessary investments in water, sewer, or broadband infrastructure.

On November 9, 2021, the City Council approved the ARPA spending plan for the first allocation in the amount of $36.7 million. On February 7, 2023, the City Council approved the ARPA spending plan for the second allocation in the amount of $36.8 million. On October 10, 2023, the City Council approved the reallocation for various spending plan items based on a review of activity to date and in process, as well as reassessment of needs. Below is a consolidation of the funding breakdown by Expenditure Category

1. Public Health	$ 2,108,117	2.87 %
2. Negative Economic Impacts	27,675,000	37.64
3. Public Health Negative Economic Impacts: Public Sector Capacity	400,000	0.54
4. Premium Pay	-	-
5. Infrastructure	10,000	0.01
6. Revenue Replacement	43,022,071	58.51
7. Administration	320,000	0.44
Total	$ 73,535,188	100.00 %

The Final Rule was issued on January 6, 2022 and became effective on April 1, 2022. Some key changes include:

- The final rule offers a standard allowance for revenue loss of $10 million, allowing recipients to select between a standard amount of revenue loss or complete a full revenue loss calculation.
- In some cases, enumerated eligible uses included in the interim final rule under responding to the public health emergency have been re-categorized in the organization of the final rule to enhance clarity.
- In addition to programs and services, the final rule clarifies that recipients can use funds for capital expenditures that support an eligible COVID-19 public health or economic response.
- The final rule provides an expanded set of households and communities that are presumed to be “impacted” and “disproportionately impacted” by the pandemic, thereby allowing recipients to provide responses to a broad set of households and entities without requiring additional analysis.
- The final rule provides a broader set of uses available for these communities as part of COVID-19 public health and economic response in all impacted communities and making certain community development and neighborhood revitalization activities eligible for disproportionately impacted communities.
- The final rule also allows for a broader set of uses to restore and support government employment, including hiring above a recipient’s pre-pandemic baseline, providing funds to employees that experienced pay cuts or furloughs, avoiding layoffs, and providing retention incentives.

On August 10, 2023, the U.S. Department of Treasury released the 2023 Interim Final Rule that implements three new eligible uses authorized in the Consolidated Appropriations Act, 2023. The new eligible uses allow recipients to use SLFRF funds for emergency relief from natural disasters, community development, and surface transportation projects. The existing eligible uses are generally unchanged, and recipients may continue to use SLFRF funds in accordance with the 2022 Final Rule.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Program) to the City for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the seventeenth consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized ACFR that satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. The award is valid for a period of one year only. We believe that our current ACFR continues to meet the Program’s requirements and we are submitting it to the GFOA again this year.

The City is pending the Government Finance Officers Association (GFOA) Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2022. The City expects to receive this award for the sixth time for the June 30, 2022 report once reviewed and received by the GFOA. This is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. The Award is valid for a period of one year only. We believe that our current PAFR continues to meet the Program's requirements and we are submitting it to the GFOA again this year.

The City received the GFOA’s Distinguished Budget Presentation Award for its 2022-2024 Biennial Budget document, which covers the fiscal years commencing on July 1, 2022 and concluding June 30, 2024. To earn this distinguished recognition, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication tool.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department and oversight from the City Manager’s Office. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. Credit also must be given to the Budget Engagement Commission and the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City’s finances.

Respectfully submitted,

Kristie Thomas

Finance Director/Assistant Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Riverside California

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2022

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Riverside for our Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

LEGISLATIVE OFFICIALS

Patricia Lock Dawson .... Mayor
Erin Edwards .... Councilmember – Ward 1
Clarissa Cervantes .... Councilmember – Ward 2
Ronaldo Fierro .... Councilmember – Ward 3
Chuck Conder .... Councilmember – Ward 4
Gaby Plascencia .... Councilmember – Ward 5
Jim Perry .... Councilmember – Ward 6
Steve Hemenway .... Councilmember – Ward 7

CITY OFFICIALS

Mike Futrell .... City Manager*
Rafael Guzman .... Assistant City Manager
Kris Martinez .... Assistant City Manager
Edward Enriquez .... Assistant City Manager, CFO/Treasurer

Donesia Gause .... City Clerk*
Phaedra Norton .... City Attorney*
Todd Corbin .... General Manager - Public Utilities
Larry V. Gonzalez .... Chief of Police
Carl Carey .... General Services Director
Erin Christmas .... Library Director
Pamela Galera .... Parks, Recreation & Community Svcs Director
Kristie Thomas .... Finance Director/Assistant CFO
Rene Goldman .... Human Resources Director
George Khalil .... Chief Innovation Officer
Gilbert Hernandez .... Public Works Director
Michael Moore .... Fire Chief
Robyn Peterson .... Museum Director
Jennifer Lilley .... Community & Economic Development Director

*Appointed by City Council

CITY OF
RIVERSIDE

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Riverside, California (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in the fiscal year ended June 30, 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

LSL

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios, the schedule of pension plan contributions, and the schedule of changes in total OPEB liability and related ratios, as listed in the table of contents, presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
November 8, 2023

As management of the City, we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on page i of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars (0,000).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains certain supplementary information.

Government-wide financial statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, and culture and recreation. The business-type activities of the City include Electric, Water, Sewer, Airport, Refuse, Transportation, Public Parking, and Civic Entertainment Funds.

The government-wide financial statements include the activities of the City and three blended component units, which consist of the Riverside Housing Authority, Riverside Public Financing Authority, and the Riverside Municipal Improvements Corporation. Although legally separate, these entities function for all practical purposes as departments of the City and therefore have been blended as part of the primary government. The Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) is also included as a fiduciary component unit since it would be misleading to exclude the Successor Agency due to the nature and significance of the relationship between the City and the Successor Agency. The activity of the Successor Agency is reported with the City's fiduciary funds, which is not included in the government-wide statements since the resources of those funds are *not* available to support the City's own programs.

Both the Governmental Activities and the Business-Type Activities are presented on the accrual basis of accounting, a basis of accounting that differs from the modified accrual basis of accounting used in presenting governmental fund financial statements. Note 1 of the Notes to Basic Financial Statements fully describes these bases of accounting. Proprietary funds, discussed below, also follow the accrual basis of accounting.

The government-wide financial statements can be found on pages 20 - 21 of this report.

Fund financial statements - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental funds - *Governmental funds* are used to account for the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* as well as on balances of spendable resources available at the end of the fiscal year.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Reconciliations to facilitate this comparison are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The major reconciling items relate to capital assets and debt. In the Governmental Funds, acquisitions of capital assets are treated as "expenditures" because upon purchase of a capital asset, cash used for the acquisition is no longer available for other purposes. The issuance of debt provides cash, which is now available for specified purposes. Accordingly, at the end of the fiscal year, the unrestricted fund balances of the Governmental Funds reflect spendable resources available for appropriation by the City Council. Spendable balances are not presented on the face of the government-wide financial statements.

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Outlay Fund, and General Debt Service Fund which are major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and can be found on pages 88 - 96 in this report.

The City adopted an annual appropriated budget for its General Fund for the Year ended June 30, 2023. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 22 - 25 of this report.

Proprietary funds - The City maintains two different types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for Electric, Water, Sewer, Airport, Refuse, Transportation, Public Parking, and Civic Entertainment services. *Internal service* funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for self-insured insurance programs, central stores, and its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Internal service funds are presented as proprietary funds because both enterprise and internal service funds follow the accrual basis of accounting.

Proprietary funds provide the same type of information as the government-wide financial statements (*business-type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water, and Sewer operations, all of which are considered to be major funds of the City. The five remaining proprietary funds noted above are combined into a single, aggregated presentation. All internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the form of *combining statements* and can be found on pages 98 - 106 in this report.

The basic proprietary fund financial statements can be found on pages 27 - 31 of this report.

Fiduciary fund - Fiduciary funds are used to account for situations where the City's role is purely custodial. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on page 32 - 33 of this report.

Notes to Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Basic Financial Statements begin on page 34 of this report.

Governmental Accounting Standards Board No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96) - For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This Statement defines SBITA as a contract that conveys control of the right-to-use another party's information technology software, alone or in a combination with tangible capital assets, as specified in a contract for a period of time in an exchange or exchange-like transaction. For additional information, refer to Notes 1, 5, and 6.

Government-wide Financial Analysis

The following table presents a summarization of the City's assets, liabilities, deferred inflows and outflows, and net position for its governmental and business-type activities. As noted earlier, a government's net position may serve over time as a useful indicator of its financial position.

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Assets:						
Current and other assets	$ 633,853	$ 711,511	$ 856,258	$ 856,015	$ 1,490,111	$ 1,567,526
Capital, lease, and subscription assets, net	1,343,379	1,330,850	1,958,937	1,975,600	3,302,316	3,306,450
Total assets	**1,977,232**	**2,042,361**	**2,815,195**	**2,831,615**	**4,792,427**	**4,873,976**
Deferred Outflows of Resources	**196,336**	**67,430**	**77,898**	**41,648**	**274,234**	**109,078**
Liabilities:						
Current liabilities	172,713	209,289	139,888	137,657	312,601	346,946
Long-term liabilities	780,515	601,939	1,469,858	1,414,352	2,250,373	2,016,291
Total liabilities	**953,228**	**811,228**	**1,609,746**	**1,552,009**	**2,562,974**	**2,363,237**
Deferred Inflows of Resources	**25,610**	**204,023**	**112,733**	**176,142**	**138,343**	**380,165**
Net Position						
Net investment in capital assets	1,198,815	1,176,215	790,844	774,469	1,989,659	1,950,684
Restricted - Expendable	237,159	199,456	96,638	85,666	333,797	285,122
Restricted - Nonexpendable	1,642	3,582	-	-	1,642	3,582
Unrestricted/(deficit)	(242,886)	(284,713)	283,132	284,977	40,246	264
Total net position	**$ 1,194,730**	**$ 1,094,540**	**$ 1,170,614**	**$ 1,145,112**	**$ 2,365,344**	**$ 2,239,652**

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $2,365,344 at June 30, 2023, an increase of $125,692 from June 30, 2022.

The City's net position reflects its investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure), net of any related debt (net investment in capital assets) that is still outstanding used to acquire those assets and net of unspent bond proceeds and cash held in bond reserve accounts. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

An additional 14% of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, $(242,886) net deficit is held by the governmental activities and $283,132 is held by the business-type activities.

Unrestricted net position in the amount of $40,246, a net position increase of 15,145% from prior year, is the change in resources available to fund City programs to citizens and debt obligations to creditors. The positive increase in unrestricted net position is primarily the result of the increases in sales tax, property tax, investment income, and miscellaneous one-time revenues.

Governmental activities increased the City's net position by $100,190 to $1,194,730 for the year ended June 30, 2023.

On the following page is a condensed summary of activities of the City's governmental and business-type operations for the period ended June 30, 2023 with the prior fiscal year presented for comparative purposes. Also included in the following analysis are revenue and expense graphs to aid in understanding the results of the current year's activities.

(Balance of page intentionally left blank)

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 43,087	$ 41,072	$ 628,084	$ 598,474	$ 671,171	$ 639,546
Operating grants and contributions	59,368	50,378	4,374	5,866	63,742	56,244
Capital grants and contributions	34,305	38,508	15,483	20,527	49,788	59,035
General revenues:						
Sales taxes	177,722	173,933	-	-	177,722	173,933
Property taxes	84,751	79,790	-	-	84,751	79,790
Other taxes and fees	49,972	47,183	-	-	49,972	47,183
Intergovernmental, unrestricted	467	661	-	-	467	661
Rental and investment income	8,817	(7,613)	11,191	(13,324)	20,008	(20,937)
Miscellaneous	10,331	3,880	10,049	12,639	20,380	16,519
Total revenues	**468,820**	**427,792**	**669,181**	**624,182**	**1,138,001**	**1,051,974**
Expenses:						
General government	34,258	66,937	-	-	34,258	66,937
Public safety	239,744	169,742	-	-	239,744	169,742
Highways and streets	50,588	41,125	-	-	50,588	41,125
Cultural and recreation	50,863	38,885	-	-	50,863	38,885
Interest on long-term debt and fiscal charges	18,598	19,806	-	-	18,598	19,806
Electric	-	-	401,427	349,004	401,427	349,004
Water	-	-	76,475	69,303	76,475	69,303
Sewer	-	-	67,195	59,060	67,195	59,060
Airport	-	-	2,385	1,944	2,385	1,944
Refuse	-	-	32,777	28,449	32,777	28,449
Transportation	-	-	4,808	3,758	4,808	3,758
Public Parking	-	-	5,493	4,566	5,493	4,566
Civic Entertainment	-	-	27,698	21,804	27,698	21,804
Total expenses	**394,051**	**336,495**	**618,258**	**537,888**	**1,012,309**	**874,383**
Increase (decrease) in net position	74,769	91,297	50,923	86,294	125,692	177,591
Extraordinary items	-	-	-	(5,748)	-	(5,748)
Transfers	25,421	34,915	(25,421)	(34,915)	-	-
Changes in net position	**100,190**	**126,212**	**25,502**	**45,631**	**125,692**	**171,843**
Net Position:						
Beginning of year, as previously stated	1,094,540	968,328	1,145,112	1,098,838	2,239,652	2,067,166
Prior period adjustment	-	-	-	643	-	643
Beginning of year, as restated	1,094,540	968,328	1,145,112	1,099,481	2,239,652	2,067,809
End of year	**$ 1,194,730**	**$ 1,094,540**	**$ 1,170,614**	**$ 1,145,112**	**$ 2,365,344**	**$ 2,239,652**

Governmental Activities - The total change in net position for governmental activities decreased by $26.0 million. Key elements of this year's activity in relation to the prior year are as follows:

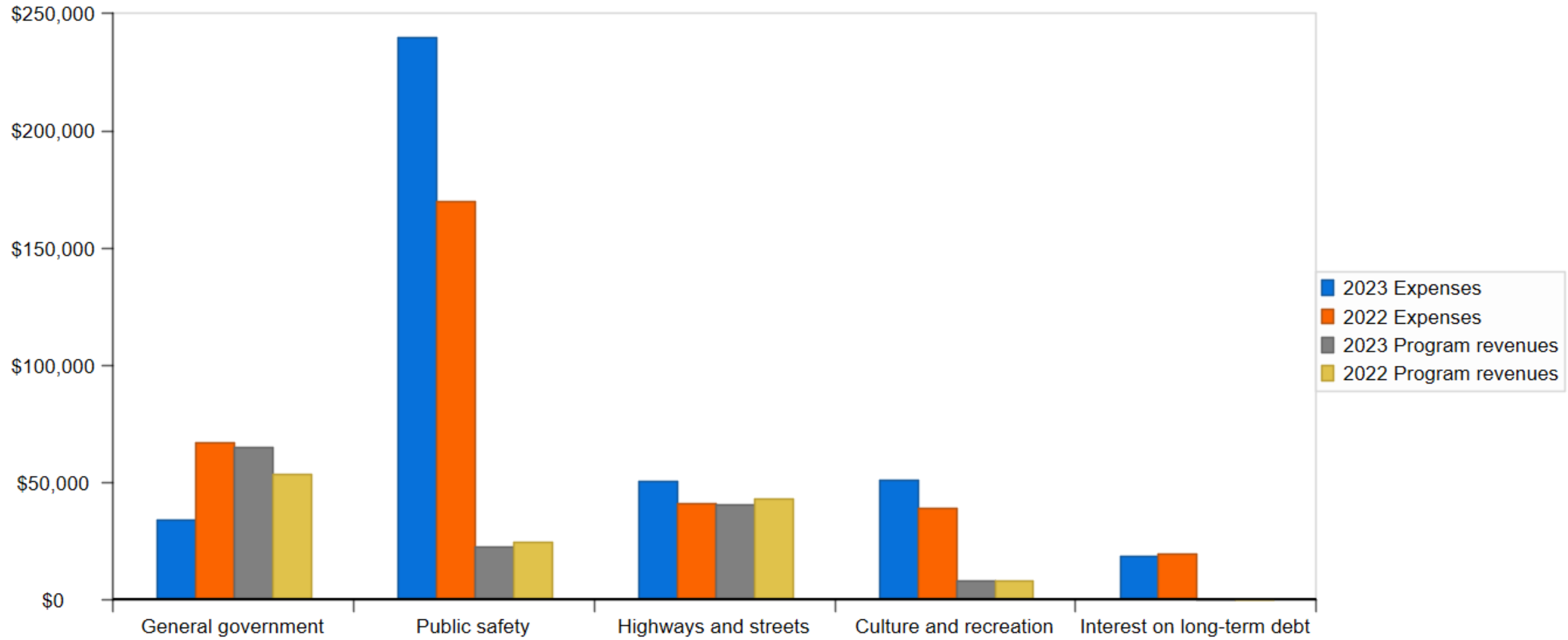
Revenues:

- While variances between years exist for the various revenue categories, the total net increase was approximately $41.0 million or 10%. The increase is largely attributable to the $3.8 million increase in sales taxes, primarily stemming from increased sales in the categories of autos and transportation; state and county pools; business and industry; and restaurants and hotels. The increase in property taxes of $5 million was mainly due to increased property values. The increase in investment income of $16.4 million was primarily due to an economic rebound that produced higher interest earnings on investments. The increase in miscellaneous revenue of $6.5 million was predominantly from a sale of land from the dissolution of the March Joint Powers Authority for $3.9 million and a $2.5 million insurance reimbursement for a fire caused at a vacant City-owned building.

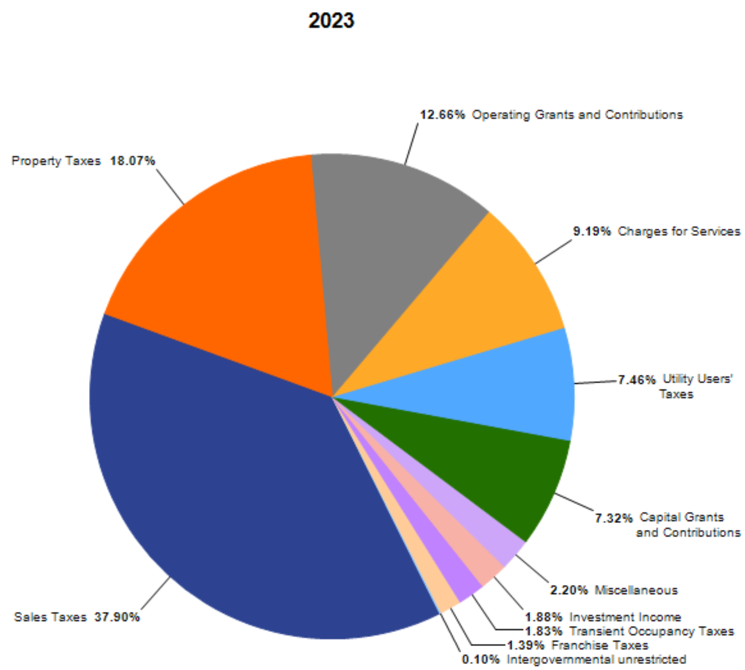
Expenses:

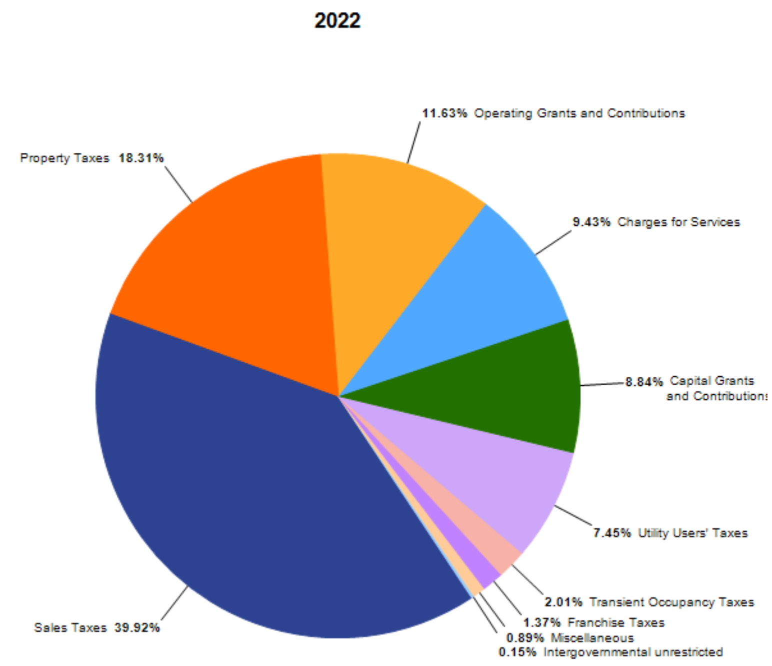
- While variances between years exist for the various expense functions, the total net increase was approximately $57.6 million or 17%. This is primarily related to an increase to personnel related costs of $67.8 million in public safety; highway and streets; and culture and recreation resulting from the adjustment of the net pension liability in fiscal year 2022-23.

Program Revenues and Expenses - Governmental Activities - Fiscal Year Comparison 2023 vs. 2022



Revenues by Source - Governmental Activities - Fiscal Year Comparison 2023 vs. 2022

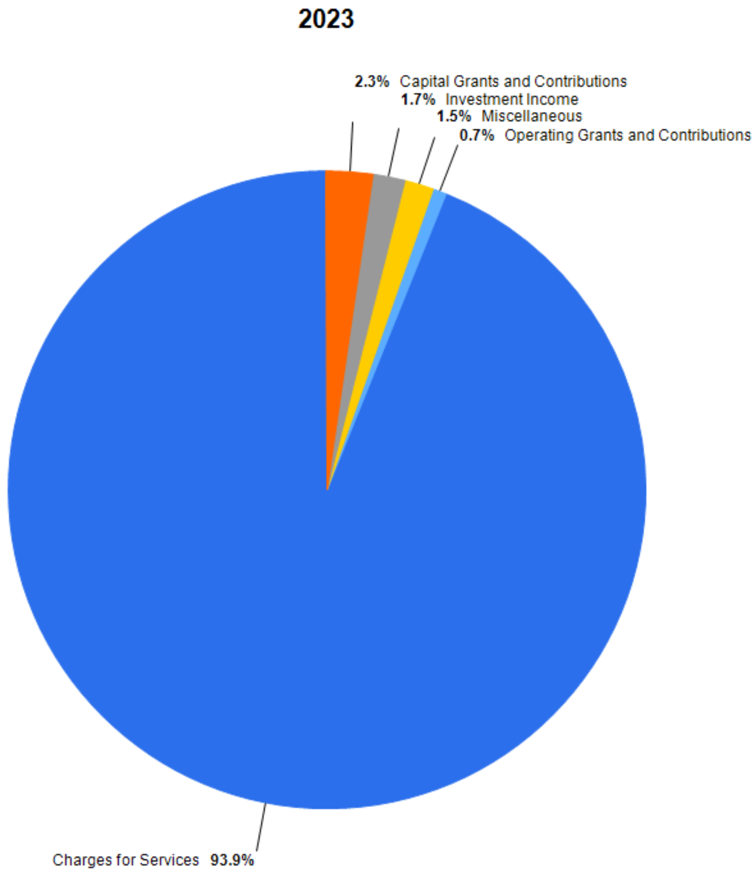


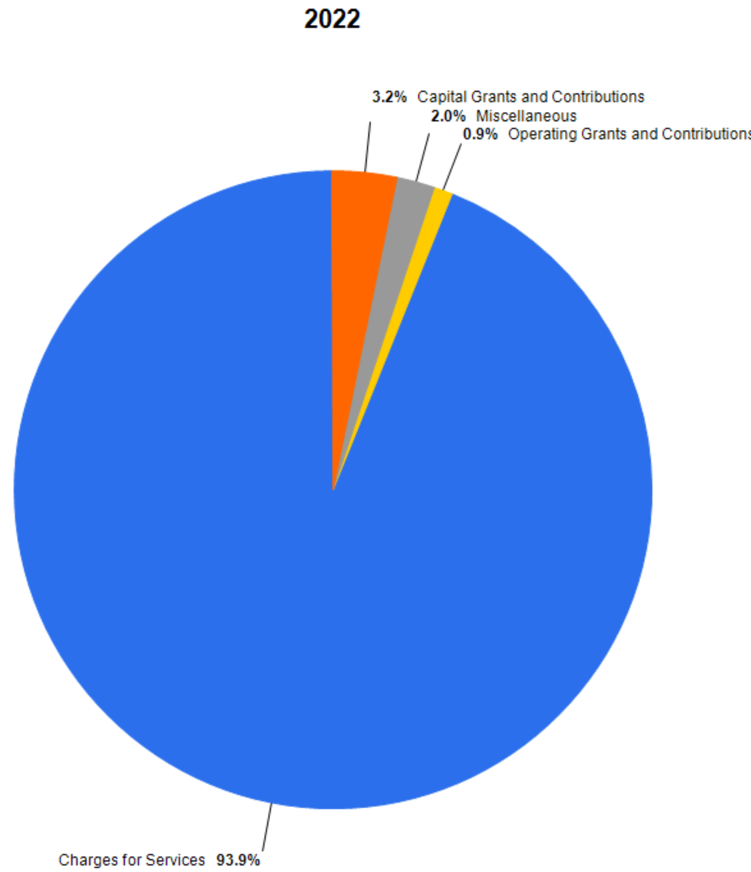


Business-Type Activities - Total net position for business-type activities increased by $25.5 as compared to the prior year. Key elements of this year's activity in relation to the prior year are as follows:

- Charges for services increased from the prior year, resulting in an increase of $29.6 million or 5%. Electric Fund charges for services increased by $21.4 million primarily due to an increase in consumption, rate plan increases, and decreased uncollectibles. The Civic Entertainment Fund charges for services increased by $6.3 million due to an increase in entertainment venue events compared to the prior year.
- Overall expenses increased by $80.4 million or 14.9%. The Electric Fund, Water Fund, and Sewer Fund had an increase in operating expenses of $53.7 million, $6.0 million, and $8.6 million, respectively, primarily due to an increase in personnel related costs resulting from the adjustment to the net pension liability in fiscal year 2022-23. The Electric Fund production and purchased power expenses increased primarily due to a combination of exceptionally elevated winter natural gas prices and elevated power prices, along with global market disturbances. The Water Fund operating expenses increased primarily due to an increase in personnel related costs resulting from the adjustement to the net pension liability, along with increases in administrative and general operating expenses. The Sewer Fund operating expenses increased primarily due to an increase in personnel related costs resulting from the adjustement to the net pension liability, along with increases in maintenance and operation expenses.

Revenues by Source - Business-Type Activities - Fiscal Year Comparison





Financial Analysis of the City's Funds

Governmental funds - The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The following table summarizes the balance sheet of the City's General Fund, Capital Outlay Fund, and Non-Major Governmental Funds. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

(in thousands)

	General Fund		Capital Outlay Fund		General Debt Service Fund		Non-Major Governmental Funds		Total Governmental Funds	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Assets	**$ 307,324**	**$ 280,565**	**$ 85,412**	**$ 57,636**	**$ 15,254**	**$ 13,231**	**$ 178,867**	**$ 201,206**	**$ 586,857**	**$ 552,638**
Liabilities	**$ 41,440**	**$ 42,541**	**$ 2,457**	**$ 4,612**	**$ 1,195**	**$ 1,552**	**$ 69,685**	**$ 96,882**	**$ 114,777**	**$ 145,587**
Deferred inflows of resources	**12,507**	**10,806**	**154**	**520**	**-**	**-**	**48,669**	**49,832**	**61,330**	**61,158**
Fund Balances										
Nonspendable	2,115	2,087	-	-	-	-	1,736	1,495	3,851	3,582
Restricted	32,695	30,715	82,801	52,504	14,059	11,679	58,777	54,212	188,332	149,110
Committed	111,301	82,801	-	-	-	-	-	-	111,301	82,801
Assigned	35,566	41,707	-	-	-	-	-	-	35,566	41,707
Unassigned	71,700	69,908	-	-	-	-	-	(1,215)	71,700	68,693
Total fund balances	**253,377**	**227,218**	**82,801**	**52,504**	**14,059**	**11,679**	**60,513**	**54,492**	**410,750**	**345,893**
Total liabilities, deferred inflows, and fund balances	**$ 307,324**	**$ 280,565**	**$ 85,412**	**$ 57,636**	**$ 15,254**	**$ 13,231**	**$ 178,867**	**$ 201,206**	**$ 586,857**	**$ 552,638**

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $410,750, an increase of $64,857 compared to the prior year. Additionally, 1% of the fund balance, or $3,851, is *nonspendable*, which comprises the portion of fund balance that cannot be spent due to form. $188,332, or 46%, of fund balance is *restricted*, which represents the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation, or limitations imposed by creditors or grantors. Committed fund balance of $111,301, or 27% of the fund balance, was set aside for economic contingencies. Committed for economic contingencies consists of 20% of the 2023-24 General Fund adopted expenditure budget of $327 million, or $65,500; $5,000 for General Fund – Measure Z; $20,617 for future capital projects; $15,000 for balancing measures; $3,000 for technology related projects; $2,000 for insurance proceeds; and $184 for public works equipment**.** $35,566, or 9%, of fund balance is constrained by the City's intent to utilize fund balance for specific purposes, which is reported within the fund balance classification *assigned*. The remainder of the fund balance, $71,700, or 17%, is *unassigned*, meaning it is available for spending at the City's discretion including $47,000 in the Measure Z Fund. The City's governmental funds reported combined total assets of $586,857 at June 30, 2023, an increase of $34,219 compared to the prior year. Liabilities and deferred inflows of resources amounted to $176,107, a decrease of $30,638 from the prior year.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled $253,377, in comparison to $227,218 in the prior year. The increase in fund balance is primarily due to increase sales taxes of $3.8 million; property taxes of $5.0 million; utility users' taxes of $2.5 million; and rental and investment income of $9 million. The Capital Outlay Fund is used to account for the acquisition or construction of major capital facilities. The total fund balance was $82,801, compared to $52,504 in the prior year. The increase was due to increased transfers in for street and other future capital projects. The General Debt Service Fund accounts for the accumulation of resources and payment of long-term debt principal and interest. The total fund balance was $14,059, compared to $11,679 in the prior year. The Non-Major Governmental Funds fund balance was $60,513, compared to $54,492 in the prior year**.**

Proprietary funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the Electric, Water, and Sewer Funds at the end of the year amounted to $174,199, $19,375, and $77,165, respectively. The unrestricted net position for the Electric, Water, and Sewer Funds in the prior year was $194,443, $17,675, and $74,034, respectively. The decrease in unrestricted net position of the Electric Fund $(20,244) was primarily due to a decrease in operating income mainly as a result of higher power costs and the use of reserves to fund ongoing capital projects and decommissioning trusts, offset by an increase in investment income. The increase in unrestricted net position of the Water Fund in the amount of $1,700 was primarily attributable to positive operating results, and an increase in investment income. The increase in unrestricted net position for the Sewer Fund totaling $3,131 is primarily a result of increased investment income.

	Electric		Water		Sewer		Non-Major Enterprise Funds		Total Business-Type Funds	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Assets	**$ 1,239,900**	**$ 1,297,992**	**$ 731,921**	**$ 682,884**	**$ 646,557**	**$ 657,568**	**$ 196,817**	**$ 193,171**	**$ 2,815,195**	**$ 2,831,615**
Deferred outflows of resources	**45,624**	**24,943**	**16,990**	**9,647**	**8,309**	**2,571**	**6,975**	**4,487**	**77,898**	**41,648**
Liabilities	**764,935**	**763,893**	**335,124**	**272,013**	**400,776**	**403,320**	**108,911**	**112,783**	**1,609,746**	**1,552,009**
Deferred inflows of resources	**17,237**	**53,479**	**86,374**	**98,214**	**1,959**	**11,145**	**7,163**	**13,304**	**112,733**	**176,142**
Net position										
Net investment in capital assets	254,990	246,698	295,560	293,641	167,469	163,884	72,825	70,246	790,844	774,469
Restricted	74,163	64,422	12,478	10,988	7,497	7,756	2,500	2,500	96,638	85,666
Unrestricted/(deficit)	174,199	194,443	19,375	17,675	77,165	74,034	12,393	(1,175)	283,132	284,977
Total net position	**$ 503,352**	**$ 505,563**	**$ 327,413**	**$ 322,304**	**$ 252,131**	**$ 245,674**	**$ 87,718**	**$ 71,571**	**$ 1,170,614**	**$ 1,145,112**

General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)
Revenues	**$ 318,356**	**$ 341,329**	**$ 352,492**	**$ 11,163**
Expenditures:				
Current:				
General government	24,767	37,047	16,703	20,344
Public safety	212,351	230,696	207,820	22,876
Highways and streets	24,371	28,840	21,274	7,566
Culture and recreation	35,766	41,710	36,259	5,451
Capital outlay	3,357	22,143	16,815	5,328
Debt service	-	-	2,331	(2,331)
Total expenditures	**300,612**	**360,436**	**301,202**	**59,234**
Excess/(deficiency) of revenues over/(under) expenditures	17,744	(19,107)	51,290	70,397
Other Financing Sources/(Uses):	**(18,914)**	**(33,790)**	**(25,131)**	**8,659**
Net change in fund balance	(1,170)	(52,897)	26,159	79,056
Fund Balance:				
Beginning of year	227,218	227,218	227,218	-
End of year	**$ 226,048**	**$ 174,321**	**$ 253,377**	**$ 79,056**

The reason for the increase in final budgeted revenues compared to the Original Budget is primarily due to an $18.6 million budget adjustment for updated sales and use tax revenue projections and other mid-year updates to revenue projections based on prior year actuals and trend data. The Final Budget for expenditures is higher than the Original Budget due to prior year encumbrances and carryovers totaling $42.3 million as well as supplemental appropriations approved by the City Council during the fiscal year. Supplemental appropriations in expenditures and other financing sources/uses (in the form of transfers out) leveraged higher revenue projections and personnel savings to fund an additional $12.6 million in street and other capital projects; $18.7 million in the projected fiscal impact from revisions to various labor memorandums of understanding and employees' compensation and benefits packages; a $5 million transfer to the Refuse Fund for the purchase of capital equipment; a $2 million transfer to the Public Parking Fund to address deferred maintenance needs; and other miscellaneous budget adjustments. Also included in the other financing sources/uses is a $15.9 million transfer in for revenue replacement funds from the American Rescue Plan Act.

Actual revenues exceeded Final Budget projections due to higher-than-anticipated revenues from numerous sources, such as property tax and interest earnings, and due to unbudgeted revenues, including an insurance reimbursement ($2.5 million) and land sale ($3.9 million). Actual expenditures were less than final budgeted amounts by approximately $59.2 million. This is primarily attributable to fiscal year-end encumbrances totaling $16.8 million; $17.2 million in personnel savings due to recruitment and hiring challenges experienced by the City alongside the increase in appropriations for employees' compensation and benefits packages; and other unexpended funds at fiscal year-end, some of which are expected to be carried over to the next fiscal year.

Capital Assets and Debt Administration

Capital Assets - The City’s capital assets for governmental and business-type activities as of June 30, 2023 amounted to $3,298,912 (net of accumulated depreciation). This investment includes land, intangibles, buildings and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The City's net capital assets for the current fiscal year decreased by $5,708, comprised of an increase of $10,815 for governmental activities and a decrease of $16,523 for business-type activities primarily caused by depreciation expense exceeding capital asset additions.

Major capital improvements during the current fiscal year included ongoing projects for governmental activities consisting primarily of roads of $30.3 million; purchase of vehicles, trailers and/or heavy equipment ($3.7 million); and storm drains of $2.5 million. Capital improvements in business-type activities included $25.5 million in Electric Utility capital improvements primarily related to transformer replacements, improvements to communications network, underground improvements, metering infrastructure, and major streetlight projects; and $16.3 million in Water Utility projects primarily related to main replacements, system expansion, transmission pipelines, distribution facilities, and water well projects**.**

Additional information on the City's capital assets can be found in Note 5 on page 49 of this report.

City of Riverside's Capital Assets
(net of depreciation)
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Land	$ 383,379	$ 376,787	$ 103,456	$ 100,111	$ 486,835	$ 476,898
Construction in progress	51,002	52,051	131,870	128,123	182,872	180,174
Buildings	102,405	106,726	451,277	465,740	553,682	572,466
Improvements other than buildings	94,884	103,649	1,209,419	1,216,016	1,304,303	1,319,665
Machinery and equipment	31,193	32,060	32,712	32,994	63,905	65,054
Intangibles	-	-	29,565	31,838	29,565	31,838
Infrastructure	677,750	658,525	-	-	677,750	658,525
Total	**$ 1,340,613**	**$ 1,329,798**	**$ 1,958,299**	**$ 1,974,822**	**$ 3,298,912**	**$ 3,304,620**

Lease and Subscription Assets - The City's investment in lease and subscription assets for governmental and business-type activities as of June 30, 2023 amounted to $3,404 (net of accumulated amortization). The lease and subscription assets investment includes land, buildings, machinery and equipment, and subscription-based information technology arrangements (SBITA).

Additional information on the City's lease and subscription assets can be found in Note 5 on page 49 of this report.

City of Riverside's Lease and Subsciption Assets
(net of amortization)
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Land	$ -	$ -	$ 163	$ 238	$ 163	$ 238
Buildings	398	617	199	273	597	890
Machinery and equipment	290	435	189	267	479	702
SBITA	2,078	-	87	-	2,165	-
Total	**$ 2,766**	**$ 1,052**	**$ 638**	**$ 778**	**$ 3,404**	**$ 1,830**

Long-term debt - At the end of the current fiscal year, the City had total debt outstanding of $1,954,665 which includes bonded debt of $1,768,632.

City of Riverside's Long-Term Debt
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Lease revenue bonds	$ 65,093	$ 68,855	$ 6,168	$ 6,625	$ 71,261	$ 75,480
General obligation bonds	3,411	4,987	-	-	3,411	4,987
Pension obligation bonds	321,413	338,264	103,705	110,718	425,118	448,982
Certificates of participation	80,584	85,477	24,582	25,912	105,166	111,389
Revenue bonds	-	-	1,163,676	1,139,100	1,163,676	1,139,100
Notes payable	-	-	55,070	59,948	55,070	59,948
Contracts payable	-	-	933	933	933	933
Financed purchased	19,230	22,294	1,476	2,176	20,706	24,470
Compensated absences	31,425	29,994	12,084	11,855	43,509	41,849
Claims and judgments	53,112	78,790	-	-	53,112	78,790
Landfill capping	-	-	9,425	9,820	9,425	9,820
Lease liability	699	1,060	563	787	1,262	1,847
SBITA liability	1,930	-	86	-	2,016	-
Total	**$ 576,897**	**$ 629,721**	**$ 1,377,768**	**$ 1,367,874**	**$ 1,954,665**	**$ 1,997,595**

The City's total debt decrease by $44,361 or 51.3% during the current fiscal year. The net decrease is primarily related to payments on long-term debt.

The City's Water Utility maintains "AA+" and "AA+" ratings from S&P Global Ratings and Fitch, respectively, for their revenue bonds, while the Electric Utility maintains "AA-" ratings from both rating agencies for fixed rate bonds. The City's general obligation bond ratings from S&P Global Ratings and Fitch are "AA" and "AA," respectively.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total adjusted assessed valuation. The legal debt limit was $967,896 at June 30, 2023, which applies only to general obligation debt. At June 30, 2023, the City had $3,411 of general obligation debt, resulting in available legal debt capacity of $964,485.

Additional information on the City's long-term debt can be found in Note 9 beginning on page 55 of this report.

Economic Factors and Next Year's Budget

The City has experienced a 30% increase in the City's sales tax base since fiscal year 2018-19 as consumers changed their spending habits during the pandemic. This one-time anomaly provided a new foundation for future sales tax projections in the General Fund and allowed the City to fund new salary and benefit packages negotiated for City employees, as well as reserve funding for future infrastructure and technology needs. However, inflationary pressures are expected to influence the City's financial landscape in the coming fiscal year, impacting both income and expenditures. Inflation is driving up costs in all City funds in areas such as personnel, supplies, purchased services, and capital investments. In addition to inflation, unemployment, which increased from 3.8% last year to 4.5% this year, is expected to lead to a reduction in sales tax and other City revenues as consumers cut back on discretionary spending.

Rising retirement costs continue to have a significant impact on the City's long-term financial stability. CalPERS investment returns have fluctuated significantly over the last ten years, leading to swings in funding levels reported in CalPERS actuarial reports and projected payments toward the unfunded accrued liability (UAL). The CalPERS discount rate, comparable to an assumed annual rate of return, is 6.8%. As of June 30, 2023, CalPERS reported a preliminary net return of 5.8% on its investments for the 12-month period ending June 30, 2023. The preliminary 5.8% net investment return stands in contrast to the prior fiscal year, when global financial volatility led to the fund's first negative (6.1%) return since the Great Recession. As of June 30, 2023, total fund annualized returns for the 5-year period stood at 6.1%, the 10-year period at 7.1%, the 20-year period at 7.0%, and the 30-year period at 7.5%.

CalPERS transitioned to collecting employer contributions for the plan's unfunded liability as fixed dollar amounts effective on July 1, 2018, moving away from the previous method that combined a contribution rate with the normal cost rate. Additionally, in the fiscal year 2019-20, the City issued a pension obligation bond to help reduce future pension contributions. The fiscal year 2023-24 required unfunded liability contribution and funded status as reported in the Annual Valuation Report as of June 30, 2021 were informed by fiscal year 2020-21 CalPERS investment returns of 21.3%. The negative CalPERS investment return of 6.1% in fiscal year 2021-22 caused a swing in the unfunded accrued liability contribution and funded status as reported in the Annual Valuation Report as of June 30, 2022:

Annual Valuation Report as of June 30, 2021	**Annual Valuation Report as of June 30, 2022**
Miscellaneous Plan • Unfunded Liability Payment: $0 • Funded Status: 104.3%	Miscellaneous Plan • Unfunded Liability Payment (Prepayment option): $4,929 • Funded Status 89.9%
Safety Plan • Unfunded Liability Payment (Prepayment option): $9,967 • Funded Status: 99.6%	Safety Plan • Unfunded Liability Payment (Prepayment option): $10,645 • Funded Status: 86.4%

Recognizing the anomalous investment returns of fiscal year 2020-21, the City did not eliminate the budgeted UAL payments during the amendment of the fiscal year 2023-24 budget, but rather shifted those budgeted payments to the Section 115 Trust for the long-term management of rising pension costs. The Section 115 Trust will aid the City in mitigating the impact of rising pension costs in future years and ensuring maintenance of City service levels.

On June 21, 2022, the City Council adopted the City's Fiscal Year 2022-24 Biennial Budget. Within the adoption, the fiscal year 2023-24 citywide budget totaled $1.32 billion in funding for citywide operations, including $115.2 million for capital projects. On June 27, 2023, the City Council adopted an amended Fiscal Year 2023-24 budget totaling $1.38 billion for citywide operations, including $140.5 million for capital projects. The amended fiscal year 2023-24 General Fund budget, exlcuding Measure Z, represents a 6.9% increase over the adopted fiscal year 2022-23 budget. The increase is primarily attributable to rising personnel costs resulting from negotiated increases in employee salary and benefit packages and the addition of 41.75 full-time equivalent positions, as well as program expansions in various City departments.

Request for information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the City’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 3900 Main Street City of Riverside, California 92522.

(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	$ 435,813	$ 436,977	$ 872,790
Receivables, net of allowance for uncollectible	124,449	68,309	192,758
Leases receivable	9,213	102,048	111,261
Inventory	9,068	4,786	13,854
Prepaid items	2,026	17,397	19,423
Deposits	-	1,713	1,713
Other assets	-	2,925	2,925
Internal balances	(1,131)	1,131	-
Restricted assets:			
Cash and cash equivalents	-	145,412	145,412
Cash and investments	51,814	58,135	109,949
Benefit/Conservation Programs receivable	-	1,204	1,204
Regulatory assets	-	13,130	13,130
Derivative instruments	-	1,088	1,088
Land and improvements held for resale	2,601	-	2,601
Advances to Successor Agency Trust Fund	-	2,003	2,003
Capital assets:			
Capital assets, not depreciated	434,381	256,822	691,203
Capital assets, net of depreciation	906,232	1,701,477	2,607,709
Lease and subscription assets, net of amortization	2,766	638	3,404
Total assets	**1,977,232**	**2,815,195**	**4,792,427**
Deferred Outflows of Resources:			
Changes in derivative values	1,948	2,415	4,363
Deferred charge on refunding	1,886	12,867	14,753
Pension related items	186,736	59,595	246,331
OPEB related items	5,766	3,021	8,787
Total deferred outflows of resources	**196,336**	**77,898**	**274,234**
Liabilities:			
Current liabilities:			
Accounts payable and other current liabilities	40,177	36,997	77,174
Unearned revenue	61,973	1,085	63,058
Deposits	11,805	13,456	25,261
Accrued interest	1,716	14,164	15,880
Long-term obligations	21,446	52,686	74,132
Compensated absences	19,673	9,602	29,275
Claims and judgments	12,834	-	12,834
Landfill capping	-	559	559
Decommissioning liability	-	10,227	10,227
OPEB liability	1,113	812	1,925
Lease liability	379	226	605
SBITA liability	1,597	74	1,671
Non-current liabilities:			
Long-term obligations	468,285	1,302,924	1,771,209
Compensated absences	11,752	2,482	14,234
Claims and judgments	40,278	-	40,278
Landfill capping	-	8,866	8,866
Decommisioning liability	-	38,646	38,646
Regulatory liability	-	25,176	25,176
Derivative instruments	3,381	6,939	10,320
Net pension liability	230,991	66,107	297,098
OPEB liability	25,175	18,369	43,544
Lease liability	320	337	657
SBITA liability	333	12	345
Total liabilities	**953,228**	**1,609,746**	**2,562,974**
Deferred Inflows of Resources			
Change in derivative values	-	1,260	1,260
Deferred charges on refunding	-	585	585
Pension related items	8,746	6,103	14,849
OPEB related items	7,703	4,208	11,911
Lease related items	9,161	100,577	109,738
Total deferred inflows of resources	**25,610**	**112,733**	**138,343**
Net Position:			
Net investment in capital assets	1,198,815	790,844	1,989,659
Restricted - Expendable:			
Housing	41,780	-	41,780
Debt service	14,059	33,172	47,231
Public works	40,269	-	40,269
Capital projects	91,736	-	91,736
Landfill capping	-	2,500	2,500
Programs and regulatory requirements	-	60,966	60,966
Economic development	16,620	-	16,620
Unfunded accrued liability	32,695	-	32,695
Restricted - Nonexpendable:			
Permanent fund principal	1,642	-	1,642
Unrestricted/(deficit)	(242,886)	283,132	40,246
Total net position	**$ 1,194,730**	**$ 1,170,614**	**$ 2,365,344**

See Notes to Financial Statements

CITY OF RIVERSIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

			Program Revenues			Net (Expenses) Revenues and Changes in Net Position — Primary Government		
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
Function/Programs								
Primary Government:								
Governmental Activities:								
General government	$ 34,258	$ (19,676)	$ 14,046	$ 50,198	$ 997	$ 50,659	$ -	$ 50,659
Public safety	239,744	13,218	14,963	7,618	-	(230,381)	-	(230,381)
Highways and streets	50,588	2,945	7,288	1,206	32,215	(12,824)	-	(12,824)
Culture and recreation	50,863	3,513	6,790	346	1,093	(46,147)	-	(46,147)
Interest on long-term debt and fiscal charges	18,598	-	-	-	-	(18,598)	-	(18,598)
Total governmental activities	**394,051**	**-**	**43,087**	**59,368**	**34,305**	**(257,291)**	**-**	**(257,291)**
Business-Type Activities:								
Electric	401,427	-	419,392	-	9,854	-	27,819	27,819
Water	76,475	-	78,703	-	4,149	-	6,377	6,377
Sewer	67,195	-	72,140	-	-	-	4,945	4,945
Airport	2,385	-	1,872	12	194	-	(307)	(307)
Refuse	32,777	-	31,477	-	-	-	(1,300)	(1,300)
Transportation	4,808	-	258	4,150	99	-	(301)	(301)
Public Parking	5,493	-	6,084	-	-	-	591	591
Civic Entertainment	27,698	-	18,158	212	1,187	-	(8,141)	(8,141)
Total business-type activities	**618,258**	**-**	**628,084**	**4,374**	**15,483**	**-**	**29,683**	**29,683**
Total primary government	**$ 1,012,309**	**$ -**	**$ 671,171**	**$ 63,742**	**$ 49,788**	**$ (257,291)**	**$ 29,683**	**$ (227,608)**
General Revenues:								
Taxes:								
Sales taxes						177,722	-	177,722
Property taxes						84,751	-	84,751
Utility users' taxes						34,963	-	34,963
Franchise taxes						6,422	-	6,422
Transient occupancy taxes						8,587	-	8,587
Intergovernmental, unrestricted						467	-	467
Rental and investment income						8,817	11,191	20,008
Miscellaneous						10,331	10,049	20,380
Transfers						25,421	(25,421)	-
Total general revenues and transfers						**357,481**	**(4,181)**	**353,300**
Change in net position						100,190	25,502	125,692
Net Position:								
Beginning of year						1,094,540	1,145,112	2,239,652
End of year						**$ 1,194,730**	**$ 1,170,614**	**$ 2,365,344**

See Notes to Financial Statements

CITY OF RIVERSIDE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	General Fund	Capital Outlay Fund	General Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments	$ 196,190	$ 80,744	$ 7,650	$ 111,057	$ 395,641
Cash and investments with fiscal agent	43,967	-	7,517	330	51,814
Receivables, net of allowance for uncollectible					
Interest	694	272	7	375	1,348
Property taxes	1,988	-	80	90	2,158
Sales taxes	30,918	-	-	-	30,918
Utility billed	2,320	-	-	-	2,320
Utility unbilled	945	-	-	-	945
Accounts	12,693	455	-	117	13,265
Intergovernmental	4,615	3,941	-	17,676	26,232
Notes	10	-	-	46,702	46,712
Leases receivable	9,213	-	-	-	9,213
Prepaid items	1,930	-	-	94	2,024
Due from other funds	1,666	-	-	-	1,666
Land and improvements held for resale	175	-	-	2,426	2,601
Total assets	**$ 307,324**	**$ 85,412**	**$ 15,254**	**$ 178,867**	**$ 586,857**
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	$ 14,250	$ 2,113	$ 64	$ 6,290	$ 22,717
Accrued payroll	15,240	-	-	40	15,280
Retainage payable	6	79	-	621	706
Intergovernmental	139	-	-	5	144
Unearned revenue	-	265	-	61,708	61,973
Deposits	11,805	-	-	-	11,805
Due to other funds	-	-	-	1,021	1,021
Advances from other funds	-	-	1,131	-	1,131
Total liabilities	**41,440**	**2,457**	**1,195**	**69,685**	**114,777**
Deferred Inflows of Resources:					
Unavailable revenue	3,346	154	-	48,669	52,169
Lease related items	9,161	-	-	-	9,161
Total deferred inflows of resources	**12,507**	**154**	**-**	**48,669**	**61,330**
Fund Balances:					
Nonspendable:					
Inventories, prepaids, notes, and deposits	1,940	-	-	94	2,034
Land and improvements held for resale	175	-	-	-	175
Permanent fund principal	-	-	-	1,642	1,642
Restricted:					
Housing and redevelopment	-	-	-	11,252	11,252
Debt service	-	-	14,059	-	14,059
Transportation and public works	-	82,801	-	38,742	121,543
Other purposes	-	-	-	8,783	8,783
Unfunded accrued liability	32,695	-	-	-	32,695
Committed:					
Economic contingency	70,500	-	-	-	70,500
Other purposes	40,801	-	-	-	40,801
Assigned:					
General government	4,597	-	-	-	4,597
Public safety	5,914	-	-	-	5,914
Highways and streets	4,885	-	-	-	4,885
Culture and recreation	1,427	-	-	-	1,427
Continuing projects	18,743	-	-	-	18,743
Unassigned	71,700	-	-	-	71,700
Total fund balances	**253,377**	**82,801**	**14,059**	**60,513**	**410,750**
Total liabilities, deferred inflows of resources, and fund balances	**$ 307,324**	**$ 85,412**	**$ 15,254**	**$ 178,867**	**$ 586,857**

See Notes to Financial Statements

CITY OF RIVERSIDE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023
(amounts expressed in thousands)

Total fund balances - governmental funds		$ 410,750
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds		1,332,569
Lease and subscription assets, net of accumulated amortization, used in governmental activities and are not current financial resources and, therefore, are not reported as assets in the governmental funds		2,744
Deferred outflows on refunding charges are not available resources and, therefore, are not reported on the funds		1,886
Deferred outflows on pension related items		183,852
Deferred outflows on OPEB related items		5,578
Deferred inflows on pension related items		(8,450)
Deferred inflows on OPEB related items		(7,467)
Revenue not available to pay for current period expenditures are reported as unavailable revenue in the governmental funds		52,169
Accrued interest payable for the current portion of interest due on various debt issues has not been reported in the governmental funds		(1,716)
Long-term liabilities, as listed below, are not due and payable in the current period and, therefore, are not reported in the governmental funds		
General obligation bonds	(3,411)	
Pension obligation bonds	(317,126)	
Certificates of participation	(80,584)	
Lease revenue bonds	(65,093)	
Financed purchase	(18,799)	
Compensated absences	(30,960)	
Net pension liability	(227,792)	
OPEB liability	(25,145)	
Lease liability	(684)	
SBITA liability	(1,925)	(771,519)
The City uses derivative instruments to hedge its exposure to changing interest rates through the uses of interest swaps. The following related items have been reflected in the Statement of Net Position:		
Net fair value of interest rate swaps	(3,381)	
Deferred amount related to the hedgeable portion of derivative instrument	1,948	(1,433)
Internal service funds are used by management to charge the costs of insurance, centralized purchasing and fleet management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		(4,233)
Net position of governmental activities		**$ 1,194,730**

See Notes to Financial Statements

CITY OF RIVERSIDE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	General Fund	Capital Outlay Fund	General Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 310,520	$ -	$ 1,925	$ -	$ 312,445
Licenses and permits	12,446	-	-	3,448	15,894
Intergovernmental	2,720	14,853	-	77,832	95,405
Charges for services	16,393	-	-	1,585	17,978
Fines and forfeitures	1,131	-	-	-	1,131
Special assessments	305	542	1,238	5,999	8,084
Rental and investment income	4,632	668	265	2,489	8,054
Miscellaneous	4,345	249	-	1,446	6,040
Total revenues	**352,492**	**16,312**	**3,428**	**92,799**	**465,031**
Expenditures:					
Current:					
General government	16,703	-	-	10,560	27,263
Public safety	207,820	-	-	11,739	219,559
Highways and streets	21,274	-	-	1,050	22,324
Culture and recreation	36,259	-	-	3,232	39,491
Capital outlay	16,815	20,982	-	36,041	73,838
Debt service:					
Principal	2,103	-	29,788	93	31,984
Interest and fiscal charges	228	-	18,804	44	19,076
Total expenditures	**301,202**	**20,982**	**48,592**	**62,759**	**433,535**
Excess/(deficiency) of revenues over/(under) expenditures	51,290	(4,670)	(45,164)	30,040	31,496
Other Financing Sources/(Uses):					
Transfers in	67,229	38,115	48,128	1,784	155,256
Transfers out	(100,281)	(3,148)	(584)	(25,822)	(129,835)
Proceeds from sale of capital assets	4,228	-	-	7	4,235
Issuance of debt related to leases and subscriptions	3,693	-	-	12	3,705
Total other financing sources/(uses)	**(25,131)**	**34,967**	**47,544**	**(24,019)**	**33,361**
Net change in fund balances	26,159	30,297	2,380	6,021	64,857
Fund Balances:					
Beginning of year	227,218	52,504	11,679	54,492	345,893
End of year	**$ 253,377**	**$ 82,801**	**$ 14,059**	**$ 60,513**	**$ 410,750**

See Notes to Financial Statements

CITY OF RIVERSIDE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

Net change in fund balances - total governmental funds		$ 64,857
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation and amortization expense.		
Capital outlay	$ 67,674	
Depreciation expense	(51,492)	
Lease and subscription amortization expense	(2,218)	
Gain/(Loss) on sale of capital assets	(2,333)	11,631
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Whereas, issuance of long-term debt is a current financial resource in the governmental funds, but the issuance increase long-term debt in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and deferral on loss of refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities		
Issuance of long-term debt	(3,708)	
Principal repayments		
General obligation bonds	1,560	
Pension obligation bonds	16,600	
Certificates of participation	4,830	
Lease revenue bonds	3,384	
Financed purchase	3,495	
Lease liability	414	
SBITA liability	1,700	
Amortization of bond premium/discount	491	28,766
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Changes in accrued interest	140	
Changes in compensated absences	(1,423)	
Changes in net pension liability and related deferred outlows and inflows of resources	(11,024)	
Changes in OPEB liability and related deferred outflows and inflows of resources	(1,442)	(13,749)
Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity		(1,265)
Internal service funds are used by management to charge the costs of insurance, central purchasing and fleet management to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities		9,950
Change in net position of governmental activities		**$ 100,190**

See Notes to Financial Statements

CITY OF RIVERSIDE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES, IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance to Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 284,923	$ 306,594	$ 310,520	$ 3,926
Licenses and permits	10,628	11,128	12,446	1,318
Intergovernmental	1,441	1,441	2,720	1,279
Charges for services	15,177	15,104	16,393	1,289
Fines and forfeitures	1,894	1,894	1,131	(763)
Special assessments	542	542	305	(237)
Rental and investment income	2,946	2,946	4,632	1,686
Miscellaneous	805	1,680	4,345	2,665
Total revenues	**318,356**	**341,329**	**352,492**	**11,163**
Expenditures:				
General government:				
Mayor	1,107	1,191	1,110	81
Council	1,730	1,904	1,771	133
Manager	9,697	14,688	7,990	6,698
Attorney	6,710	7,343	6,646	697
Clerk	1,719	2,118	1,927	191
Community development	20,432	30,924	17,493	13,431
Human resources	4,810	5,623	4,734	889
General services	7,333	8,099	6,822	1,277
Finance	10,233	1,972	9,908	(7,936)
Innovation and technology	15,113	17,311	12,484	4,827
Subtotal	78,884	91,173	70,885	20,288
Allocated expenditures - General Government	(54,117)	(54,126)	(54,182)	56
Total general government	24,767	37,047	16,703	20,344
Public safety:				
Police	135,747	147,506	129,634	17,872
Fire	69,170	74,448	69,754	4,694
Animal regulation	3,442	4,407	4,595	(188)
Building and zoning inspection	3,992	4,335	3,837	498
Total public safety	212,351	230,696	207,820	22,876
Highways and streets	24,371	28,840	21,274	7,566
Culture and recreation:				
Library	8,516	9,933	8,191	1,742
Museum and cultural affairs	2,393	2,826	1,955	871
Parks, recreation and community services	24,857	28,951	26,113	2,838
Total culture and recreation	35,766	41,710	36,259	5,451
Capital outlay	3,357	22,143	16,815	5,328
Debt service:				
Principal	-	-	2,103	(2,103)
Interest and fiscal charges	-	-	228	(228)
Total expenditures	**300,612**	**360,436**	**301,202**	**59,234**
Other Financing Sources/(Uses):				
Transfers in	51,704	77,964	67,229	(10,735)
Transfers out	(70,618)	(111,754)	(100,281)	11,473
Proceeds from sale of capital assets	-	-	4,228	4,228
Issuance of debt related to leases and subscriptions	-	-	3,693	3,693
Total other financing sources/(uses)	**(18,914)**	**(33,790)**	**(25,131)**	**8,659**
Net change in fund balance	(1,170)	(52,897)	26,159	79,056
Fund Balance:				
Beginning of year	227,218	227,218	227,218	-
Ending of year	**$ 226,048**	**$ 174,321**	**$ 253,377**	**$ 79,056**

See Notes to Financial Statements

CITY OF RIVERSIDE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds					Governmental
	Electric	Water	Sewer	Non-Major Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
Assets:						
Current assets:						
Cash and investments	$ 247,831	$ 49,191	$ 112,833	$ 27,122	$ 436,977	$ 40,172
Receivables, net of allowance for uncollectible						
Interest	1,033	343	396	123	1,895	140
Utility billed	17,783	4,478	5,207	2,176	29,644	-
Utility unbilled	13,617	3,406	2,414	1,102	20,539	-
Accounts	5,810	1,621	367	1,346	9,144	125
Property taxes	-	-	-	1	1	-
Intergovernmental	50	1,514	2,170	3,352	7,086	286
Leases receivable	1,359	1,001	27	474	2,861	-
Inventory	1,464	-	3,233	89	4,786	9,068
Prepaid items	5,421	212	17	83	5,733	2
Deposits	1,413	-	-	300	1,713	-
Other current assets	-	300	-	-	300	-
Restricted assets:						
Cash and cash equivalents						
Rate stabilization cash and cash equivalents	-	-	1,000	-	1,000	-
Other restricted cash and cash equivalents	73,946	12,478	-	2,500	88,924	-
Benefit/Conservation Programs receivable	1,070	134	-	-	1,204	-
Total current assets	**370,797**	**74,678**	**127,664**	**38,668**	**611,807**	**49,793**
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents at fiscal agent	-	55,488	-	-	55,488	-
Cash and investments at fiscal agent	58,135	-	-	-	58,135	-
Leases receivable	10,407	84,385	-	4,395	99,187	-
Prepaid items noncurrent	11,664	-	-	-	11,664	-
Other noncurrent assets	-	2,625	-	-	2,625	-
Advances to other funds	-	-	1,131	-	1,131	-
Regulatory assets	1,573	1,404	1,129	9,024	13,130	-
Derivative instruments	-	-	-	1,088	1,088	-
Advances to Successor Agency Trust Fund	2,003	-	-	-	2,003	-
Capital assets, net of accumulated depreciation	784,916	513,313	516,610	143,460	1,958,299	8,043
Lease and subscription assets, net of amortization	405	28	23	182	638	22
Total noncurrent assets	**869,103**	**657,243**	**518,893**	**158,149**	**2,203,388**	**8,065**
Total assets	**1,239,900**	**731,921**	**646,557**	**196,817**	**2,815,195**	**57,858**
Deferred Outflows of Resources:						
Changes in derivative values	1,571	-	-	844	2,415	-
Deferred charge on refunding	7,530	4,758	-	579	12,867	-
Pension related items	34,931	11,588	7,892	5,184	59,595	2,884
OPEB related items	1,592	644	417	368	3,021	188
Total deferred outflows of resources	**45,624**	**16,990**	**8,309**	**6,975**	**77,898**	**3,072**

See Notes to Financial Statements

CITY OF RIVERSIDE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds					Governmental
	Electric	Water	Sewer	Non-Major Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
Liabilities:						
Current liabilities:						
Accounts payable	17,617	2,564	3,862	7,856	31,899	1,233
Accrued payroll	1,202	405	257	206	2,070	96
Retainage payable	765	944	155	163	2,027	-
Unearned revenue	314	52	-	719	1,085	-
Deposits	11,734	1,034	6	682	13,456	-
Accrued interest	5,083	2,609	6,427	45	14,164	-
Due to other funds	-	-	-	-	-	645
Benefit/Conservation Programs payable	866	135	-	-	1,001	-
Long-term obligations	22,633	11,476	12,480	6,097	52,686	455
Compensated absences	5,589	1,958	1,400	655	9,602	339
Claims and judgments	-	-	-	-	-	12,834
Landfill capping	-	-	-	559	559	-
Decommissioning liability	10,227	-	-	-	10,227	-
OPEB liability	417	171	120	104	812	48
Lease liability	137	5	5	79	226	5
SBITA liability	42	15	11	6	74	4
Total current liabilities	**76,626**	**21,368**	**24,723**	**17,171**	**139,888**	**15,659**
Noncurrent liabilities:						
Long-term obligations	590,602	290,760	348,423	73,139	1,302,924	4,263
Compensated absences	1,889	527	45	21	2,482	126
Claims and judgments	-	-	-	-	-	40,278
Landfill capping	-	-	-	8,866	8,866	-
Decommissioning liability	38,646	-	-	-	38,646	-
Regulatory liability	4,675	4,357	16,102	42	25,176	-
Derivative instruments	4,097	1,377	-	1,465	6,939	-
Net pension liability	38,748	12,854	8,754	5,751	66,107	3,199
OPEB liability	9,420	3,872	2,721	2,356	18,369	1,095
Lease liability	225	7	6	99	337	10
SBITA liability	7	2	2	1	12	1
Total noncurrent liabilities	**688,309**	**313,756**	**376,053**	**91,740**	**1,469,858**	**48,972**
Total liabilities	**764,935**	**335,124**	**400,776**	**108,911**	**1,609,746**	**64,631**
Deferred Inflows of Resources:						
Change in derivative values	-	196	-	1,064	1,260	-
Deferred charges on refunding	-	-	585	-	585	-
Pension related items	3,577	1,187	808	531	6,103	296
OPEB related items	2,266	889	539	514	4,208	236
Lease related items	11,394	84,102	27	5,054	100,577	-
Total deferred inflows of resources	**17,237**	**86,374**	**1,959**	**7,163**	**112,733**	**532**
Net position:						
Net investment in capital assets	254,990	295,560	167,469	72,825	790,844	8,045
Restricted net position:						
Debt service	19,332	8,933	4,907	-	33,172	-
Landfill capping	-	-	-	2,500	2,500	-
Regulatory requirements	25,502	-	2,590	-	28,092	-
Public Benefit Programs	29,329	-	-	-	29,329	-
Water Conservation Program	-	3,545	-	-	3,545	-
Unrestricted/(deficit)	174,199	19,375	77,165	12,393	283,132	(12,278)
Total net position	**$ 503,352**	**$ 327,413**	**$ 252,131**	**$ 87,718**	**$ 1,170,614**	**$ (4,233)**

See Notes to Financial Statements

CITY OF RIVERSIDE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds					Governmental
	Electric	Water	Sewer	Non-Major Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
Operating Revenues:						
Charges for services	$ 419,392	$ 78,703	$ 72,140	$ 57,849	$ 628,084	$ 31,564
Total operating revenues	**419,392**	**78,703**	**72,140**	**57,849**	**628,084**	**31,564**
Operating Expenses:						
Personnel services	56,311	18,412	12,868	10,349	97,940	5,376
Contractual services	7,408	2,373	1,142	17,710	28,633	885
Maintenance and operation	260,039	11,546	12,178	12,782	296,545	3,441
General	10,919	15,155	4,407	20,059	50,540	7,630
Materials and supplies	1,157	927	6,104	2,171	10,359	184
Claims/Insurance	3,415	986	1,400	711	6,512	4,198
Depreciation	38,189	16,367	15,034	5,884	75,474	936
Amortization	214	20	77	650	961	10
Total operating expenses	**377,652**	**65,786**	**53,210**	**70,316**	**566,964**	**22,660**
Operating income/(loss)	41,740	12,917	18,930	(12,467)	61,120	8,904
Nonoperating Revenues/(Expenses):						
Grant subsidies	-	-	-	4,374	4,374	-
Interest revenue	5,952	3,613	1,409	217	11,191	763
Interest expense and fiscal charges	(23,775)	(10,689)	(13,985)	(2,845)	(51,294)	(153)
Capital improvement fees	-	-	374	-	374	-
Other	5,387	3,170	(364)	299	8,492	146
Gain/(loss) on disposal of capital assets	957	119	93	14	1,183	51
Total nonoperating revenues/(expenses)	**(11,479)**	**(3,787)**	**(12,473)**	**2,059**	**(25,680)**	**807**
Income/(loss) before contributions and operating transfers	30,261	9,130	6,457	(10,408)	35,440	9,711
Capital contributions	9,854	4,149	-	1,480	15,483	239
Transfers in	-	-	-	25,075	25,075	-
Transfers out	(42,326)	(8,170)	-	-	(50,496)	-
Change in net position	(2,211)	5,109	6,457	16,147	25,502	9,950
Net Position:						
Beginning of year	505,563	322,304	245,674	71,571	1,145,112	(14,183)
End of year	**$ 503,352**	**$ 327,413**	**$ 252,131**	**$ 87,718**	**$ 1,170,614**	**$ (4,233)**

See Notes to Financial Statements

CITY OF RIVERSIDE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds					Governmental
	Electric	Water	Sewer	Non-Major Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
Cash Flows from Operating Activities:						
Cash received from customers and users	$ 430,913	$ 79,617	$ 73,549	$ 59,056	$ 643,135	$ -
Cash received from interfund services provided	-	-	-	-	-	31,702
Cash paid to suppliers for goods or services	(290,354)	(31,432)	(23,691)	(54,628)	(400,105)	(43,183)
Cash paid to employees for services	(56,730)	(18,778)	(13,086)	(10,387)	(98,981)	(5,441)
Net cash provided/(used) by operating activities	**83,829**	**29,407**	**36,772**	**(5,959)**	**144,049**	**(16,922)**
Cash Flows from Non-Capital Financing Activities:						
Transfers in	-	-	-	25,075	25,075	-
Transfers out	(42,326)	(8,170)	-	-	(50,496)	-
Payment made to other funds	-	-	-	-	-	606
Payment receipt from advances to other funds	451	-	311	-	762	-
Debt service payment on pension obligation bonds	(4,232)	(1,363)	(849)	(567)	(7,011)	(290)
Other non-operating receipts	5,140	484	(364)	411	5,671	146
Grant subsidies	-	-	-	5,900	5,900	-
Net cash provided/(used) by non-capital financing activities	**(40,967)**	**(9,049)**	**(902)**	**30,819**	**(20,099)**	**462**
Cash Flows from Capital and Related Financing Activities:						
Purchase of capital assets	(27,183)	(20,181)	(6,898)	(3,306)	(57,568)	(1,189)
Proceeds from sales of capital assets	5,673	130	100	14	5,917	51
Proceeds from revenue bonds, including premium	-	63,596	-	-	63,596	-
Principal paid on long-term obligations	(17,124)	(7,148)	(9,770)	(5,228)	(39,270)	-
Interest paid on long-term obligations	(26,149)	(10,074)	(16,087)	(2,903)	(55,213)	(154)
Bond issuance costs	-	(582)	-	-	(582)	-
Capital improvement fees	-	-	308	-	308	-
Contributions	4,951	2,932	-	1,480	9,363	-
Lease and subscription payments	(215)	(20)	(78)	(88)	(401)	(16)
Net cash provided/(used) by capital and related financing activities	**(60,047)**	**28,653**	**(32,425)**	**(10,031)**	**(73,850)**	**(1,308)**
Cash Flows from Investing Activities:						
Proceeds/(purchase) from/(of) investment securities	(4,350)	-	-	-	(4,350)	-
Interest from investments	5,582	3,517	1,238	133	10,470	738
Net cash provided/(used) by investing activities	**1,232**	**3,517**	**1,238**	**133**	**6,120**	**738**
Net increase/(decrease) in cash and cash equivalents	**(15,953)**	**52,528**	**4,683**	**14,962**	**56,220**	**(17,030)**
Cash and cash equivalents at beginning of year (excluding $53,785 in restricted investments for Electric)	337,730	64,629	109,150	14,660	526,169	57,202
Cash and cash equivalents at end of year (excluding $58,135 restricted investments for Electric)	**$ 321,777**	**$ 117,157**	**$ 113,833**	**$ 29,622**	**$ 582,389**	**$ 40,172**

See Notes to Financial Statements

CITY OF RIVERSIDE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds					Governmental
	Electric	Water	Sewer	Non-Major Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided/(Used) by Operating Activities:						
Operating income/(loss)	$ 41,740	$ 12,917	$ 18,930	$ (12,467)	$ 61,120	$ 8,904
Adjustments to Reconcile Operating Income/(Loss) Net Cash Provided/(Used) by Operating Activities:						
Depreciation	38,189	16,367	15,034	5,884	75,474	936
Amortization	214	20	77	650	961	10
(Increase)/decrease in utility billed receivable	9,137	1,782	1,504	1,282	13,705	-
(Increase)/decrease in utility unbilled receivable	2,985	243	113	(49)	3,292	-
(Increase)/decrease in accounts receivable	732	(146)	1,135	1,472	3,193	-
(Increase)/decrease in property tax receivable	-	-	-	20	20	-
(Increase)/decrease in intergovernmental receivable	(20)	106	(1,345)	(89)	(1,348)	129
(Increase)/decrease in inventory	(979)	-	(113)	(10)	(1,102)	(871)
(Increase)/decrease in prepaid items	679	(13)	12	(45)	633	-
(Increase)/decrease in deposits	(79)	-	-	6	(73)	-
(Increase)/decrease in Benefit/Conservation Programs receivable	415	38	-	-	453	-
Increase/(decrease) in accounts payable	(3,494)	(928)	1,606	(410)	(3,226)	(287)
Increase/(decrease) in accrued payroll	192	28	43	53	316	19
Increase/(decrease) in retainage payable	164	403	37	(334)	270	(6)
Increase/(decrease) in unearned revenue	(1,097)	(1,093)	-	(1,461)	(3,651)	-
Increase/(decrease) in deposits payable	(154)	12	-	34	(108)	-
Increase/(decrease) in Benefit/Conservation Programs payable	242	64	-	-	306	-
Increase/(decrease) in compensated absences	278	(88)	(31)	70	229	8
Increase/(decrease) in claims and judgments	-	-	-	-	-	(25,678)
Increase/(decrease) in landfill capping liability	-	-	-	(396)	(396)	-
Increase/(decrease) in decommissioning liability	(4,438)	-	-	-	(4,438)	-
Changes in net pension liability/(asset) and related deferred inflows/(outflows) of resources	(1,308)	(472)	(328)	(269)	(2,377)	(130)
Changes in OPEB liability and related deferred inflows/(outflows) of resources	431	167	98	100	796	44
Total adjustments	**42,089**	**16,490**	**17,842**	**6,508**	**82,929**	**(25,826)**
Net cash provided/(used) by operating activities	**$ 83,829**	**$ 29,407**	**$ 36,772**	**$ (5,959)**	**$ 144,049**	**$ (16,922)**
Non-Cash Investing, Capital, and Financing Activities:						
Capital contributions - capital assets	$ 4,903	$ 1,218	$ -	$ -	$ 6,121	$ -
Payment on note payable offset by rent credit	-	1,974	-	-	1,974	-
Increase (decrease) in fair value of investments	(529)	-	-	-	(529)	-

See Notes to Financial Statements

CITY OF RIVERSIDE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	Private-Purpose Trust Fund	
	Successor Agency Trust Fund	Custodial Fund
Assets:		
Cash and investments	$ 33,194	$ 2,307
Cash and investments with fiscal agent	4,112	7,531
Receivables, net of allowance for uncollectible		
Interest	108	5
Property taxes	-	150
Accounts	507	-
Intergovernmental	795	-
Notes	1,758	-
Direct financing receivable	5,245	-
Leases receivable	618	-
Deposits	2	-
Land and improvements held for resale	5,359	-
Capital assets:		
Capital assets, not depreciated	185	-
Total assets	**51,883**	**9,993**
Liabilities:		
Current liabilities:		
Accounts payable	26	-
Accrued interest	2,312	-
Long-term obligations	12,874	-
Due to bond holders	-	9,838
Noncurrent liabilities:		
Advances from City	2,003	-
Long-term obligations	157,476	-
Total liabilities	**174,691**	**9,838**
Deferred Inflows of Resources:		
Deferred charges on refunding	588	-
Lease related items	608	-
Total deferred inflows of resources	**1,196**	**-**
Net Position:		
Restricted for other governments	(124,004)	155
Total net position	**$ (124,004)**	**$ 155**

See Notes to Financial Statements

CITY OF RIVERSIDE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Private-Purpose Trust Fund	
	Successor Agency Trust Fund	Custodial Fund
Additions:		
Property taxes	$ 18,673	$ -
Special assessments	-	4,645
Rental and investment income	715	93
Miscellaneous	105	327
Total additions	**19,493**	**5,065**
Deductions:		
Professional services and other deductions	3,231	4,436
Redevelopment projects	122	-
Principal	-	2,615
Interest and fiscal charges	5,899	1,856
Total deductions	**9,252**	**8,907**
Changes in Net Position	**10,241**	**(3,842)**
Net Position:		
Beginning of year, as previously stated	(134,245)	13,834
Prior period adjustment	-	(9,837)
Beginning of year, as restated	(134,245)	3,997
End of year	**$ (124,004)**	**$ 155**

See Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The City of Riverside (City) was incorporated on October 11, 1883 as a Charter City and operates under a Council-Manager form of Government. The more significant accounting policies reflected in the financial statements are summarized as follows:

A. Reporting Entity

The financial statements present the City and its component units, entities for which the City is financially accountable. Blended component units are legally separate entities, but in substance are part of the City's operations and their data is combined with that of the City's. The City has no component units that meet the criteria for discrete presentation. All of the City's component units have a June 30 year-end.

Blended Component Units

Riverside Housing Authority (Housing Authority) was established in 2006 by the City. The Housing Authority's primary purpose is to provide safe and sanitary housing accommodations for persons with low or moderate income. The Housing Authority's activity has been combined with that of the primary government because City Council members serve as the Housing Authority's commissioners and because the City is financially accountable and operationally responsible for all matters.

Riverside Public Financing Authority (Public Financing Authority) was organized in December 1987 by the City and the Redevelopment Agency. Pursuant to Assembly Bill 1X 26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies were dissolved effective February 1, 2012. Subsequently, the City became the Successor Agency to the Redevelopment Agency. The Parking Authority of the City of Riverside was added as an additional member of the Public Financing Authority on August 14, 2012. The Public Financing Authority's activity has been combined with that of the primary government because City Council members serve as the Public Financing Authority's board members and because the Public Financing Authority exclusively provides financing assistance to the primary government. The City is also financially accountable and operationally responsible for all matters.

Riverside Municipal Improvements Corporation (Municipal Improvements Corporation) was created in 1978 and operates under provisions of the Nonprofit Public Benefit Corporation Law of the State of California. The Municipal Improvements Corporation's primary purpose is to provide financing assistance by obtaining land, property and equipment on behalf of the City. The activity of the Municipal Improvements Corporation has been combined with that of the primary government because three members of the City Council serve as the Municipal Improvements Corporation's directors and because the Municipal Improvements Corporation exists to serve exclusively the primary government. The City is financially accountable and operationally responsible for all matters.

Fiduciary Component Unit

Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) is a separate legal entity, which was formed to hold the assets and liabilities of the former Redevelopment Agency pursuant to City Council actions taken on March 15, 2011 and January 10, 2012. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City of Riverside as Successor Agency of the former Redevelopment Agency. In 2018, the oversight was transferred to the Riverside Countywide Oversight Board, as a result of state legislation that consolidated all oversight boards to successor agencies. The Countywide Oversight Board was created to oversee the winddown activities of the various successor agencies in Riverside County. The nature and significance of the relationship between the City and the Successor Agency is such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is presented herein in the City's fiduciary funds as a private-purpose trust fund.

Complete financial statements are prepared for the Riverside Public Financing Authority and the Successor Agency to the Redevelopment Agency of the City of Riverside, which can be obtained from the City's Finance Department, 3900 Main Street, Riverside, California, 92522 or online at www.riversideca.gov.

B. Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities of the City and its component units. Interfund activity has been removed from these statements except for utility charges, as this would distort the presentation of function costs and program revenues. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Indirect expenses are allocated to the various functions based on a proportionate utilization of the services rendered. Such allocations consist of charges for accounting, human resources, information technology and other similar support services.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied on the property. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. An allowance for doubtful accounts is maintained for the utility and other miscellaneous receivables.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered to be available if they are generally collected within 60 days after year end, except for revenue associated with neglected property abatement which is eleven (11) months and except for grant revenue, including reimbursement received from Transportation Uniform Mitigation Fees, which is six (6) months. Grant revenue is recognized if received within six (6) months of year end to enable the matching of revenue with applicable expenditures. Expenditures generally are recorded when a liability is incurred under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, sales taxes, franchise taxes, licenses, charges for services, amounts due from other governments and interest associated with the current fiscal period are all considered to be susceptible to accrual. Other revenue items such as fines and permits are considered to be measurable and available only when the government receives cash and are therefore not susceptible to accrual.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Outlay fund accounts for the construction and installation of street and highway capital improvements for the City, including improvements funded by the ½% sales tax approved by Riverside County in 1988.

The General Debt Service fund accounts for the accumulation of resources and payment of long-term debt obligations of the City and related entities.

The government reports the following major proprietary funds:

The Electric fund accounts for the activities of the City's electric distribution operations.

The Water fund accounts for the activities of the City's water distribution operations.

The Sewer fund accounts for the activities of the City's sewer systems.

Additionally, the government reports the following fund types:

Special Revenue funds account for proceeds of specific revenue sources that are legally restricted or otherwise committed or assigned for specific purposes.

Capital Projects funds account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Internal Service funds account for self-insurance, central stores, and central garage on a cost reimbursement basis.

Fiduciary funds include private-purpose trust and custodial funds. The private-purpose trust fund accounts for assets and activities of the dissolved Redevelopment Agency, which is accounted for in the Successor Agency Trust. The custodial funds are used to account for special assessments that service no-commitment debt.

The Permanent fund is a governmental fund that is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's Library programs. Non-expendable net position on the Statement of Net Position includes $1.6 million of permanent fund principal which are considered nonexpendable.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Sewer fund also recognizes, as operating revenue, the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Investments

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

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

Cash accounts of all funds are pooled for investment purposes to enhance safety and liquidity while maximizing interest earnings. Investments are stated at fair value except for investments in investment contracts which are recorded at contract value. All highly liquid investments (including restricted assets) with a maturity of 90 days or less when purchased are considered cash equivalents. Cash and investments held on behalf of proprietary funds by the City Treasurer are considered highly liquid and are classified as cash equivalents for the purpose of presentation in the statement of cash flows.

E. Restricted Cash and Investments

Certain proceeds of long-term indebtedness, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Restricted cash and investments also include cash set aside for nuclear decommissioning, public benefit programs, regulatory requirements and rate stabilization because their use is legally restricted to a specific purpose. Unspent proceeds received from the City's landfill capping surcharge are also recorded as restricted assets.

F. Allowance for Doubtful Accounts

Management determines the allowance for doubtful accounts by analyzing customer accounts for all balances over 60 days old. The allowance for doubtful accounts is then adjusted at fiscal year-end based on the amount equal to the annual uncollectible accounts. Utility customer closed accounts are written off when deemed uncollectible. Recoveries to utility customer receivables previously written off are recorded when received. For non-utility accounts receivables, delinquent notices after 60 days are sent to customers with outstanding balances. After 120 days, accounts still outstanding are referred to the City's collection agency. As of June 30, 2023, the City had an allowance for doubtful account balance of $10,750 for all accounts receivables.

G. Land and Improvements Held of Resale

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

H. Inventory

Supplies are valued at cost using the average-cost method. Costs are charged to user departments when consumed rather than when purchased.

I. Prepaid Items

Payments to vendors for services benefiting future periods are recorded as prepaid items and expenditures are recognized when items are consumed.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, right of way, and similar items), are reported in the applicable governmental activities and business-type activities of the government-wide financial statements and in the proprietary funds and the fiduciary private-purpose trust fund statements of net position. The government defines capital assets as assets with an initial, individual cost of more than five thousand dollars and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs include: labor; materials; allocated indirect charges such as engineering, construction and transportation equipment, retirement plan contributions and other fringe benefits. Donated capital assets or donated works of art and similar items are recorded at acquisition cost at the date of donation. Capital assets received in a service concession arrangement are recorded at acquisition value. Intangible assets that cost more than one hundred thousand dollars with useful lives of at least three years are capitalized and are recorded at cost. Interest incurred during the construction phase is expensed in the period incurred.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets other than land are depreciated using the straight-line method. Estimated useful lives used to compute depreciation are as follows:

Buildings and improvements	30-50 years
Improvements other than buildings	20-99 years
Intangibles, depreciable	3-15 years
Machinery and equipment	3-15 years
Infrastructure	20-100 years

K. Leases and Subscription-Based Information Technology Arrangements

Leases are defined by the general government as the right-to-use an underlying asset. As lessee, the City recognizes a lease liability and an intangible lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Re-measurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The City calculates the amortization of the discount on the lease liability and report that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred. As lessor, the City recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of lease receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference. For lease contracts that are short-term, the City recognizes short-term lease payments as inflows of resources (revenues) based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period. Leases between the Airport

System and air carriers and other aeronautical users are subject to external laws and regulations. As permitted by GASBS No. 87, paragraph 43, the Airport System recognizes inflows of resources based on the payment provisions of the lease contract, and the accounting policies do not apply to regulated leases.

Subscription-Based Information Technology Arrangements (SBITAs) are contracts that convey control of the right-to-use another party's information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. To determine whether a contract conveys control of the right-to-use the underlying IT assets, the City assesses both the right to obtain the present service capacity from use of the underlying IT assets and the right to determine the nature and manner of use of the underlying IT assets as specified in the contract. Contracts that solely provide IT support services are excluded from the definition of a SBITA. The subscription term is the period during which the City has a noncancellable right-to-use the underlying IT assets, plus the periods covered by the City's option to extend the SBITA if it is reasonably certain, based on all relevant factors, that the government will exercise that option. Periods for which both the government and the SBITA vendor have an option to terminate the SBITA without permission from the other party (or if both parties have to agree to extend) are cancellable periods and are excluded from the subscription term.

L. Compensated Absences

City employees receive 10 to 25 vacation days a year based upon length of service. A maximum of two years' vacation accrual may be accumulated, any excess vacation must be used in accordance to policy, and unused vacation is paid in cash upon separation.

City employees generally receive one day of sick leave for each month of employment with unlimited accumulation. Upon retirement or death, certain employees or their estates receive a percentage of unused sick leave paid in a lump sum based on longevity. The General, Electric and Water funds have been primarily used to liquidate such balances.

The liability associated with these benefits is reported in the government-wide statements. Vacation and sick leave of proprietary funds is recorded as an expense and as a liability of those funds as the benefits accrue to employees.

M. Derivative Instruments

The City's derivative instruments are accounted for in accordance with Government Accounting Standards Board Statement No. 53 (GASB 53), *Accounting and Financial Reporting for Derivative Instruments*, which requires the City to report its derivative instruments at fair value. Changes in fair value for effective hedges that are achieved with derivative instruments are reported as deferrals in the statements of net position.

The City uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. The City had debt that was layered with "synthetic fixed rate" swaps, which was refunded in 2008 and 2011. The balance of the deferral account for each swap is included as part of the deferred charge on refunding associated with the new bonds. The swaps were also employed as a hedge against the new debt. Hedge accounting was applied to that portion of the hedging relationship, which was determined to be effective. The negative fair value of the interest rate swaps related to the new hedging relationship has been recorded and deferred on the statement of net position. See Note 7 for further discussion related to the City's interest rate swaps.
Various transactions permitted in the Utility's Power Resources Risk Management Policies may be considered derivatives, including energy and/or gas transactions for swaps, options, forward arrangements and congestion revenue rights. The City has determined that all of its contracts including congestion revenue rights fall under the scope of "normal purchases and normal sales" and are exempt from GASB 53.

N. Long-Term Obligations

<u>Long-Term Debt</u>

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities columns in the government-wide financial statements and in the proprietary funds and fiduciary funds statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, government fund types recognize bond issuance costs as expenditures during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Decommissioning

The City has a 1.79 percent undivided ownership interest in Units 2 and 3 of San Onofre Nuclear Generating Station (SONGS), located south of the City of San Clemente in northern San Diego County. Both Units 2 and 3 of SONGS were permanently retired on June 2013. Consequently, the units are no longer a source of supply for the Electric Utility, but remain associated with certain of its costs, including those associated with the units' shutdown and decommissioning (see Note 13 for nuclear decommissioning liability).

The other owners are SCE, with a 78.21 percent interest (including the 3.16 percent interest it acquired from the City of Anaheim in 2006), and San Diego Gas & Electric Company (SDG&E), with a 20.00 percent interest.

In 2005, the California Public Utilities Commission (CPUC) authorized a project to install four new steam generators in Units 2 and 3 at SONGS and remove and dispose of the predecessor generators. SCE completed the installation of these steam generators in 2010 and 2011 for Units 2 and 3, respectively. The Electric Utility's share of the cost to replace the steam generators was approximately $13.4 million. Replacement of the steam generators was expected to enable plant operations to continue through at least 2022, and perhaps beyond, subject to the approval of the NRC.

In January 2012, a water leak occured in one of the heat transfer tubes of Unit 3's steam generators, causing it to be shut down. At that time, Unit 2 was off-line for a planned outage when unexpected wear in areas of tube-to-support structure was found. Units 2 and 3 remained offline for extensive inspections, testing and analysis of their system generators. On June 7, 2013, SCE unilaterally announced its plan to retire Units 2 and 3 permanently.

As a result of SCE's decision to permanently retire SONGS Units 2 and 3, the decommissioning phase of the plant began in June 2013. The process of decommissionining the nuclear power plant is expected to take many years and is governed by NRC regulations. According to SCE's decommissioning cost estimate document as of March 2018 in 2017 dollars, total decommissioning costs for Units 2 and 3 were estimated at $4.7 billion, of which the Electric Utility's share was $84 million.

In August 2021, SCE provided the updated decommissioning cost estimate document in 2020 dollars. According to the update, total decommissioning costs for Units 2 and 3 are estimated at $5.2 billion, of which the Electric Utility's share is $93.8 million.

As of June 30, 2023, the Electric Utility has set aside $47,110 in cash investments with the trustee and $8,644 in an designated decommissioning reserve for the Electric Utility’s estimated share of the decommissioning costs. Increases to the funds held for decommissioning liability are from investment earnings. The investment earnings are included in investment income in the Electric Utility’s financial statements. An equivalent amount is reflected as decommissioning expense, which is considered part of production and purchased power. Decreases to the funds held for decommissioning liability are from actual funds drawn from the trust for decommissioning costs invoiced by SCE.

On February 23, 2016, the City Council adopted a resolution authorizing the commencement of SONGS decommissioning effective June 7, 2013. This resolution allows the Electric Utility to access the decommissioning trust funds to pay for its share of decommissioning costs. The Electric Utility began drawing decommissioning trust funds to pay for decommissioning costs in the fiscal year ended June 30, 2017. As of June 30, 2023, the Electric Utility has paid to date $45,884 in decommissioning obligations which have been reimbursed by the trust funds.

O. Claims and Judgments Payable

Claims and judgments payable are recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Such claims, including an estimate for claims incurred but not reported at year end, are recorded as liabilities in the self-insurance internal service fund. As of June 30, 2023, the City had an obligation related to claims and judgments which is reflected as a liability on the government-wide statements and is more fully described in Note 11.

P. Fund Equity

In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance is the portion of fund balance that cannot be spent due to form. Examples include inventories, prepaid amounts, long-term loans, and notes receivable, unless the proceeds are restricted, committed or assigned. Also, amounts that must be maintained intact legally or contractually, such as the principal of a permanent fund are reported within the nonspendable category.

- Restricted fund balance is the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors.

- Committed fund balance is the portion of fund balance that can only be used for specific purposes due to formal action of the City Council through adoption of a resolution prior to the end of the fiscal year.

  Once adopted, the limitation imposed by resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. On September 6, 2016, the City Council approved the General Fund Reserve Policy setting a 10% minimum in the Emergency Reserve and 5% in the Contingency Reserve with an aspirational goal of 15% in the Emergency Reserve. The Emergency Reserve was established for the purpose of addressing any extremely unusual and infrequent occurrences, such as a major natural disaster or a major unforeseen settlement. Utilization of the Emergency Reserve requires declaration of an emergency by a two-thirds majority of the City Council, and specification of the maximum dollar amount to be used. The Contingency Reserve was established for the purpose of providing a "bridge" to facilitate a measured and thoughtful reduction in expenditures during times of economic downturn, rather than making immediate and drastic budget reductions without the time for proper evaluation. Utilization of the Contingency Reserve, including specification of the maximum dollar amount to be used, requires approval by a two-thirds majority of the City Council. The reserves committed at June 30, 2023 were calculated utilizing fiscal year 2023-2024 adopted General Fund expenditure budget, including appropriation adjustments, of $327,087.

  On April 2, 2019, the City Council approved the General Fund - Measure Z Contingency Reserve Policy setting a required $5,000 in the Contingency Reserve. The Contingency Reserve was established to cover necessary expenses in order to provide time for a measured and thoughtful reduction in expenditures during times of economic downturn, rather than making immediate and drastic budget reductions without the time for proper evaluation. Utilization of the Contingency Reserve, including specification of the maximum dollar amount to be used, requires the affirmative votes of at least five members of the City Council.

- Assigned fund balance reflects the City's intended use of resources. Intent can be expressed by the City Council or by an official to which the City Council delegates the authority. On February 22, 2011, the City Council approved a policy whereby the authority to assign fund balance was delegated to the City's Chief Financial Officer, which authorized the assignment of fund balance for specific programs or purposes in accordance with City Council directives. The City also uses budget and finance policy to authorize the assignment of fund balance, which is done through the adoption of the budget and subsequent budget amendments throughout the year.

- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the City's policy is to use restricted amounts before unrestricted amounts. Within unrestricted resources, committed resources are used first followed by assigned resources, and finally unassigned resources.

Q. Net Position

Net position represents the difference between assets and deferred outflows less liabilities and deferred inflows. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, lease and subscription assets, net of amortization reduced by the outstanding balances of any borrowings used for the related acquisition, construction or improvement of those assets excluding unspent debt proceeds. Restricted net position represents restricted assets less liabilities and deferred inflows related to those assets. Restricted assets are recorded when there are limitations imposed on their use either through legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

R. Interfund Transactions

Interfund transactions are accounted for as revenues and expenditures or expenses. Transactions, which constitute reimbursements, are eliminated in the reimbursed fund and accounted for as expenditures or expenses in the fund to which the transaction is applicable.

During the year, transactions occur between individual funds for goods provided or services rendered. Related receivables and payables are classified as "due from/to other funds" on the accompanying fund level statements. The noncurrent portion of long-term interfund loans receivable are reported as advances and, for governmental fund types, are equally offset by nonspendable fund balance to indicate that the receivable is not in spendable form.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

S. Unearned Revenue

Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

T. Unavailable Revenue

Unavailable revenue arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

U. Deferred Outflows and Deferred Inflows of Resources

When applicable, the statement of net position and the balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent outflows of resources (consumption of net assets) that apply to future periods and that, therefore will not be recognized as an expense or expenditure until that time.

Conversely, deferred inflows of resources represent inflows of resources (acquisition of net assets) that apply to future periods and that, therefore, are *not* recognized as an inflow of resources (revenue) until that time.

V. Regulatory Assets and Deferred Regulatory Charges

In accordance with GASB Statement No. 62, enterprise funds that are used to account for rate-regulated activities are permitted to defer certain expenses and revenues that would otherwise be recognized when incurred, provided that the City is recovering or expects to recover or refund such amounts in rates charged to its customers. Accordingly, regulatory assets and/or deferred regulatory charges have been recorded in the Electric, Water, Sewer and Refuse funds.

W. Property Tax Calendar

Under California law, general property taxes are assessed for up to 1% of the property’s assessed value. General property taxes are collected by the counties along with other special district taxes and assessments and voter approved debt. General property tax revenues are collected and pooled by the county throughout the fiscal year and then allocated and paid to the county, cities and school districts based on complex formulas prescribed by State statutes.

Property taxes are calculated on assessed values as of January 1 for the ensuing fiscal year. On January 1 of the fiscal year the levy is placed and a lien is attached to the property. Property taxes are due in two installments. The first installment is due November 1 and is delinquent after December 10. The second installment is due February 1 and is delinquent after April 10. The City generally accrues only those taxes, which are received within sixty days after the year-end. Under the Teeter plan, the County of Riverside has responsibility for the collection of delinquent taxes and the City receives 100% of the levy.

X. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures. Specifically, the City has made certain estimates and assumptions relating to the revenues due and expenditures incurred through fiscal year end, collectability of its receivables, the valuation of property held for resale, the useful lives of capital assets, and the ultimate outcome of claims and judgments. Actual results may differ from those estimates and assumptions.

Y. Pensions

For purposes of measuring the net pension asset/liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Riverside California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Z. Other Post-Employment Benefit (OPEB)

OPEB refers to the benefits, other than pensions, that the City provides as part of an employee's retirement benefits. The OPEB liability is defined as the liability of employers contributing to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust.

AA. New Accounting Pronouncements

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective and have been implemented for fiscal year 2022-2023 audit:

GASB Statement No. 91, *Conduit Debt Obligations* - This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangement* - A Public-Private and Public-Public Partnerships (PPP) is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA) in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* – This Statement defines Subscription-Based Information Technology Arrangements (SBITA) as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. This Statement establishes that a SBITA results in a subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended.

The following GASB pronouncements are effective in the following fiscal years:

Fiscal Year 2024

GASB Statement No. 99, Omnibus 2022 - This Statement- provide clarification on previously issued Statement including classification and reporting of derivative instruments within the scope of Statement No. 53 Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument, clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and terminology used in Statement 53 to refer to resource flows statements.

GASB Statement No. 100, Accounting Changes and Error Corrections. - This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. It prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections, and requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

Fiscal Year 2025

GASB Statement No. 101, Compensated Absences - This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. It also requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Further, this Statement establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

Note 2. Legal Compliance - Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments within the general, special revenue and capital project funds. Formal budgets are not employed for debt service funds because debt indenture provisions specify payments. The permanent fund is not budgeted.

Biennually, during the period December through February, department heads prepare estimates of required appropriations for the following two-year budget cycle. These estimates are compiled into a proposed operating budget that includes a summary of proposed expenditures and financial resources and historical data for the preceding budget cycle. At least thirty-five days prior to the beginning of the fiscal year, the City Manager provides the proposed budget in writing to the City Council for review. Following Council review, a public hearing is set to obtain citizen comments. The City Council generally conducts the public hearing and 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. Transfer of appropriations between departments or funds and increased appropriations must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations within a fund. All appropriations shall lapse at the end of the fiscal year to the extent they have not been expended or lawfully encumbered, except for appropriations for capital projects which shall continue to their completion.

(amounts expressed in thousands)

Note 3. Cash and Investments

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

Investments	$	941,611
Investments with fiscal agent		163,996
		1,105,607
Cash on hand and deposits with financial institutions		69,688
Total	**$**	**1,175,295**

The amounts are reflected in the statements of net position of the government-wide and fiduciary fund financial statements:

Cash and investments	$	872,790
Restricted cash and cash equivalents		145,412
Restricted cash and investments		109,949
Total per statement of net position		**1,128,151**
Fiduciary fund cash and investments		35,501
Fiduciary fund cash and investments with fiscal agent		11,643
Total	**$**	**1,175,295**

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures, which are administered by outside agencies.

Interest income earned on pooled cash and investments is allocated monthly to funds based on the beginning and month-end balances. Interest income from cash and investments held at fiscal agents is credited directly to the related account. Bank deposits are covered by federal depository insurance for the first $250 or by collateral held in the pledging bank's trust department in the name of the City.

Authorized Investments

Under provisions of the City's investment policy, and in accordance with California Government Code Section 53601, the City Treasurer may invest or deposit in the following types of investments:

	Max Maturity	Max % of Portfolio	Max % in One Issuer
Local Agency Investment Fund (State Pool)	N/A	N/A	N/A
Money Market Mutual Funds	N/A	20 %	N/A %
Mutual Funds	N/A	20 %	10 %
Joint Powers Authority Pools	N/A	N/A	N/A
Medium-Term Corporate Notes[1]	5 years	30 %	5 %
Municipal Bonds[1]	5 years	30 %	5 %
Negotiable Certificates of Deposit[2]	5 years	30 %	5 %
Mortgage Pass-Through and Asset-Backed Securities[3]	5 years	20 %	5 %
Certificates of Deposit Placement Services[4]	5 years	30 %	5 %
Collateralized Time Deposits[4]	5 years	30 %	5 %
Federally Insured Time Deposits	5 years	30 %	5 %
Supranational Securities[3]	5 years	30 %	10 %
Federal Agency Obligations	5 years	N/A	25 %
U.S. Treasury Obligations	5 years	N/A	N/A
Repurchase Agreements	1 year	N/A	N/A
Commercial Paper of "prime" quality[5]	270 days	25 %	5 %
Bankers' Acceptance[2]	180 days	10 %	5 %
Reverse Repurchase Agreements[6]	92 days	20 %	N/A

[1] Minimum credit rating of A (or its equivalent) by at least one nationally recognized statistical rating organization at the time of purchase

[2] Issued by organizations having short-term obligations rated A-1 (or its equivalent) and long-term obligations rated A (or its equivalent) by at least one nationally recognized statistical rating organization

[3] Minimum credit rating of AA (or its equivalent) by at nationally recognized statistical rating organization

[4] Or no more than 15% of the portoflio may be invested in any combination of non-negotiable certificates of deposit as set forth in Federally Insured Time Deposits, Collaterized Time Deposits, and Certificate of Deposit Placement Services. No more than 30% of the portfolio may be invested in any combination of non-negotiable or negotiable certificates of deposit

[5] Or no more than 10% of outstanding commercial paper of any single issuer may be purchased

[6] Securities sold pursuant to a reverse purchase agreement must have been owned and fully paid for by the City for a minimum of 30 days prior to sale

(amounts expressed in thousands)

The City's investment policy provides the following three exceptions to the above: (1) investments authorized by debt agreements, (2) investments in the City of Riverside - 115 Trust for Pension and (3) funds reserved in the San Onofre Nuclear Generating Station Decommissioning Account for which the five-year maturity limitation may be extended to the term of the operating license.

Investments Authorized by Debt Agreements

Provisions of debt agreements, rather than the general provisions of the California Government Code or the City's investment policy, govern investments of debt proceeds held by bond fiscal agents. Permitted investments are specified in related trust agreements and include the following:

- Securities with Direct Obligations of the U.S. Government and its sponsored agencies
- Bankers' Acceptances rated in the single highest classification
- Commerical Paper rated AA or higher at the time of purchase
- Investments in money market funds rated in the single highest classification, except for certain debt proceeds which have no minimum rating requirement
- Municipal obligations rated Aaa/AAA or general obligations of states with ratings of at least Aa2/AA or higher by both Moody's and S&P
- Investment Agreements

No maximum percentage of the related debt issue or maximum investment in one issuer is specified.

Investments in the City of Riverside - 115 Trust for Pension

The City has established the City of Riverside - 115 Trust for Pension (the Plan) to accumulate resources for future contributions to CalPERS. As of June 30, 2023, the City had $32,695 of restricted cash and investments reported in the General Fund in a Section 115 Trust restricted for future pension contributions. The City has retained US Bank as the trustee. US Bank has delegated investment authority to HighMark Capital Management, an SEC-registered investment adviser, with the full investment discretion over the managed assets in the account. The goal of the Plan's investment program is to provide a reasonable level of growth which, will result in sufficient assets to pay the present and future obligations of the Plan.

- Investment Time Horizon: Intermediate-Term 5 - 7 years
- Anticipated Cash Flows: Assets in the Plan will seek to mitigate the impact of future rate increases from CalPERS.
- Investment Objective: Moderately - Passive
- Risk Tolerance: Moderate
- Portfolio Type: Index Plus (passive)
- Strategic Asset Allocation:

	Strategic Asset Allocation Ranges	Policy
Cash	0% - 20%	5%
Fixed income	40% - 60%	45%
Equity	40% - 60%	50%

- Investment Limitations: The following investment transactions are prohibited:
  - Direct investments in precious metals (precious metals mutual funds and exchange-traded funds are permissible).
  - Venture Capital
  - Short sales*
  - Purchases of Letter Stock, Private Placements, or direct payments
  - Leveraged Transactions*
  - Commodities Transactions Puts, calls, straddles, or other option strategies*
  - Purchases of real estate, with the exception of REITs
  - Derivatives, with exception of Exchange Traded Funds (ETFs)*

* Permissible in diversified mutual funds and exchange-traded funds

Disclosures Relating to Fair Value Measurement and Application

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

(amounts expressed in thousands)

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

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

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

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

The fair value of the City's investments in categorized within Level 2 of the fair value hierarchy using the institutional bond quotes with evaluations based on various market and industry inputs.

The City has the following recurring fair value measurements as of June 30, 2023:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mortgage Pass-Through Securities	$ 31,006	$ -	$ 31,006	$ -
Asset-Backed Securities	78,704	-	78,704	-
U.S. Treasury Obligations	272,588	-	272,588	-
Federal Agency Obligations	130,361	-	130,361	-
Medium-Term Corporate Notes	196,191	-	196,191	-
Supranational Securities	34,071	-	34,071	-
Held by Fiscal Agent:				
Asset-Backed Securities	3,854	-	3,854	-
U.S. Treasury Obligations	34,553	-	34,553	-
Federal Agency Obligations	3,407	-	3,407	-
Medium-Term Corporate Notes	11,263	-	11,263	-
Supranational Securities	3,522	-	3,522	-
Total	**799,520**	**$ -**	**$ 799,520**	**$ -**
Investments not subject to fair value hierarchy:				
Joint Powers Authority	181,643			
Local Agency Investment Fund	1,249			
Mutual Funds	30,925			
Money Market Mutual Funds	81,509			
Investment Contracts	10,761			
Total Investments	**$ 1,105,607**			

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy requires that the interest rate risk exposure be managed by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

(amounts expressed in thousands)

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

		Remaining Maturity (in Months)			
	Total	12 Months or Less	13 to 36 Months	37 to 60 Months	More than 60 Months
Money Market Mutual Funds	$ 17,046	$ 17,046	$ -	$ -	$ -
Joint Powers Authority Pools	181,643	181,643	-	-	-
Local Agency Investment Fund	1	1	-	-	-
Mortgage Pass-Through Securities	31,006	4,881	11,256	14,869	-
Asset-Backed Securities	78,704	871	35,109	42,724	-
U.S. Treasury Obligations	272,588	44,859	80,523	147,206	-
Federal Agency Obligations	130,361	30,938	79,192	20,231	-
Medium-Term Corporate Notes	196,191	9,793	106,758	79,640	-
Supranational Securities	34,071	-	34,071	-	-
Held by Fiscal Agent					
Money Market Mutual Funds	64,463	64,463	-	-	-
Mutual Funds	30,925	30,925	-	-	-
Local Agency Investment Fund	1,248	1,248	-	-	-
Asset-Backed Securities	3,854	-	2,066	1,788	-
Investment Contracts	10,761	-	-	-	10,761
U.S. Treasury Obligations	34,553	13,067	13,995	7,301	190
Federal Agency Obligations	3,407	-	3,407	-	-
Medium-Term Corporate Notes	11,263	1,311	8,898	1,054	-
Supranational Securities	3,522	-	3,522	-	-
Total	**$ 1,105,607**	**$ 401,046**	**$ 378,797**	**$ 314,813**	**$ 10,951**

The City assumes that callable investments will not be called.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year-end for each investment type:

		Ratings as of Year End *			
	Total	AAA	AA	A	Unrated
Money Market Mutual Funds	$ 17,046	$ 17,046	$ -	$ -	$ -
Joint Powers Authority Pools	181,643	-	-	-	181,643
Local Agency Investment Fund	1	-	-	-	1
Mortgage Pass-Through Securities	31,006	31,006	-	-	-
Asset-Backed Securities	78,704	59,518	-	-	19,186
U.S. Treasury Obligations	272,588	272,588	-	-	-
Federal Agency Obligations	130,361	110,378	-	-	19,983
Medium-Term Corporate Notes	196,191	6,203	67,890	95,788	26,310
Supranational Securities	34,071	17,543	-	-	16,528
Held by Fiscal Agent					
Money Market Mutual Funds	64,463	61,098	-	-	3,365
Mutual Funds	30,925	-	-	-	30,925
Local Agency Investment Fund	1,248	-	-	-	1,248
Asset-Backed Securities	3,854	2,815	-	-	1,039
Investment Contracts	10,761	-	-	-	10,761
U.S. Treasury Obligations	34,553	26,060	-	8,493	-
Federal Agency Obligations	3,407	1,376	-	-	2,031
Medium-Term Corporate Notes	11,263	-	2,753	6,612	1,898
Supranational Securities	3,522	1,850	-	-	1,672
Total	**$ 1,105,607**	**$ 607,481**	**$ 70,643**	**$ 110,893**	**$ 316,590**

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

Concentration on Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stated above. For fiscal year ended June 30, 2023, the City did not have any investments in any one issuer (other than U.S. Treasury securities, money market funds, and external investment pools) that represent 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy requires that a third-party bank trust department hold all securities owned by the City. All trades are settled on a delivery vs. payment basis through the City's safekeeping agent. The City has no deposits with financial institutions; bank balances are swept daily into a money market account.

(amounts expressed in thousands)

The pledge to secure deposits is administered by the California Commissioner of Business Oversight. Collateral is required for demand deposits at 110% of all deposits not covered by federal depository insurance (FDIC) if obligations of the United States and its agencies, or obligations of the State or its municipalities, school districts, and district corporations are pledged. Collateral of 150% is required if a deposit is secured by first mortgages or first trust deeds upon improved residential real property located in California. All such collateral is considered to be held by the pledging financial institutions' trust departments or agents in the name of the City. Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however, the trust department of the same institution may hold them.

Written custodial agreements are required to provide, among other things, that the collateral securities are held separate from the assets of the custodial institution.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment in Joint Powers Authority

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust and created through a joint powers agency as a pooled short-term porfolio and cash management vehicle for California public agencies under California Government Code Section 53601(p). CAMP is governed by a seven-member Board of Trustees comprised of finance directors and treasurers of California public agencies. The City reports its investments in CAMP at the fair value amounts provided by CAMP, and is exempt from the fair value hierarchy.

Note 4. Direct Financing Receivable

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

The future minimum payments to be received are as follows:

Fiscal Year		
2024	$	2,786
2025		2,823
Total due		**5,609**
Less: amount applicable to interest		(364)
Total direct financing receivable	**$**	**5,245**

(amounts expressed in thousands)

Note 5. Capital, Lease, and Subscription Assets

The following is a summary of changes in the capital assets during the fiscal year ended June 30, 2023:

Governmental Activities:	Beginning Balance	Additions/ Transfers In	Deletions/ Transfers Out	Reclassifications	Ending Balance
Capital assets, not depreciated:					
Land	$ 376,787	$ 6,629	$ (37)	$ -	$ 383,379
Construction in progress	52,051	27,477	-	(28,526)	51,002
Total capital assets, not depreciated	**428,838**	**34,106**	**(37)**	**(28,526)**	**434,381**
Capital assets, being depreciated:					
Buildings	190,232	2,544	(2,574)	-	190,202
Improvements other than buildings	271,383	78	(44)	2,460	273,877
Machinery and equipment	120,343	7,490	(3,948)	389	124,274
Intangibles, depreciable	219	-	-	-	219
Infrastructure	1,170,193	21,358	-	25,677	1,217,228
Total capital assets, being depreciated	**1,752,370**	**31,470**	**(6,566)**	**28,526**	1,805,800
Less: accumulated depreciation for:					
Buildings	(83,506)	(4,871)	580	-	(87,797)
Improvements other than buildings	(167,734)	(11,283)	24	-	(178,993)
Machinery and equipment	(88,283)	(8,464)	3,666	-	(93,081)
Intangibles, depreciable	(219)	-	-	-	(219)
Infrastructure	(511,668)	(27,810)	-	-	(539,478)
Total accumulated depreciation	**(851,410)**	**(52,428)**	**4,270**	**-**	**(899,568)**
Total capital assets being depreciated, net	**900,960**	**(20,958)**	**(2,296)**	**28,526**	**906,232**
Governmental Activities capital assets, net	**$ 1,329,798**	**$ 13,148**	**$ (2,333)**	**$ -**	**$ 1,340,613**
Lease and subscription assets, being amortized					
Buildings	1,159	82	(341)	-	900
Machinery and equipment	580	-	-	-	580
Subscription-based information technology arrangements	-	3,887	(126)	-	3,761
Total lease and subscription assets	**1,739**	**3,969**	**(467)**	**-**	5,241
Less accumulated amortization					
Buildings	(542)	(274)	314	-	(502)
Machinery and equipment	(145)	(145)	-	-	(290)
Subscription-based information technology arrangements	-	(1,809)	126	-	(1,683)
Total lease and subscription assets accumulated amortization	**(687)**	**(2,228)**	**440**	**-**	(2,475)
Total lease and subscription assets, net	**1,052**	**1,741**	**(27)**	**-**	2,766
Capital, lease, and subscription assets, net	**$ 1,330,850**	**$ 14,889**	**$ (2,360)**	**$ -**	**$ 1,343,379**

Business-Type Activities:	Beginning Balance	Additions/ Transfers In	Deletions/ Transfers Out	Reclassifications	Ending Balance
Capital assets, not depreciated:					
Land	$ 100,111	$ 3,343	$ -	$ 2	$ 103,456
Intangible assets	21,495	-	-	1	21,496
Construction in progress	128,123	57,623	(46)	(53,830)	131,870
Total capital assets, not depreciated	**249,729**	**60,966**	**(46)**	**(53,827)**	**256,822**
Capital assets, being depreciated:					
Buildings	678,569	-	-	179	678,748
Improvements other than buildings	2,007,017	2,778	(10,508)	46,981	2,046,268
Machinery and equipment	113,498	-	(6,234)	5,963	113,227
Intangibles, depreciable	30,263	-	(119)	704	30,848
Total capital assets, being depreciated	**2,829,347**	**2,778**	**(16,861)**	**53,827**	**2,869,091**
Less: accumulated depreciation for:					
Buildings	(212,829)	(14,642)	-	-	(227,471)
Improvements other than buildings	(791,001)	(51,840)	5,992	-	(836,849)
Machinery and equipment	(80,504)	(6,021)	6,010	-	(80,515)
Intangibles, depreciable	(19,920)	(2,971)	112	-	(22,779)
Total accumulated depreciation	**(1,104,254)**	**(75,474)**	**12,114**	**-**	**(1,167,614)**
Total capital assets being depreciated, net	**1,725,093**	**(72,696)**	**(4,747)**	**53,827**	**1,701,477**
Business-Type activities capital assets, net	**$ 1,974,822**	**$ (11,730)**	**$ (4,793)**	**$ -**	**$ 1,958,299**
Lease and subscription assets, being amortized					
Land	312	-	-	-	312
Buildings	348	-	-	-	348
Machinery and equipment	345	-	-	-	345
Subscription-based information technology arrangements	-	257	(96)	-	161
Total lease and subscription assets	**1,005**	**257**	**(96)**	**-**	**1,166**
Less accumulated amortization					
Land	(74)	(75)	-	-	(149)
Buildings	(75)	(74)	-	-	(149)
Machinery and equipment	(78)	(78)	-	-	(156)
Subscription-based information technology arrangements	-	(170)	96	-	(74)
Total lease and subscription assets accumulated amortization	**(227)**	**(397)**	**96**	**-**	**(528)**
Total lease and subscription assets, net	**778**	**(140)**	**-**	**-**	**638**
Capital, lease, and subscription assets, net	**$ 1,975,600**	**$ (11,870)**	**$ (4,793)**	**$ -**	**$ 1,958,937**

(amounts expressed in thousands)

Depreciation expense was charged to various functions as follows:

Governmental Activities:	
General government	$ 4,056
Public safety	7,719
Highways and streets	28,524
Culture and recreation	11,193
Internal service funds	936
Total depreciation expense - Governmental Activities	**$ 52,428**

Business-Type Activities:	
Electric	$ 38,189
Water	16,367
Sewer	15,034
Airport	737
Refuse	862
Transportation	281
Public Parking	972
Civic Entertainment	3,032
Total depreciation expense - Business-Type Activities	**$ 75,474**

Amortization expense was charged to various functions as follows:

Governmental Activities:	
General government	$ 1,808
Public safety	94
Highways and streets	11
Culture and recreation	305
Internal service funds	10
Total amortization expense - Governmental Activities	**$ 2,228**

Business-type Activities:	
Electric	$ 214
Water	20
Sewer	77
Airport	3
Refuse	6
Transportation	2
Public Parking	75
Total amortization expense - Governmental Activities	**$ 397**

Note 6. Leases and Subscription-Based Information Technology Arrangements

Leases Receivable

Leases are financings of the right-to-use an underlying asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The City of Riverside has 114 leases as a Lessor for the use of various land, building and equipment as of the end of the fiscal year. The terms range from 2 to 110 years beginning on the contract commencement date. As of June 30, 2023, the value of the lease receivable is $111,261. The leases have interest rates ranging from 0.52% to 3.35%. The value of the deferred inflow of resources as of June 30, 2023 was $109,738, and the City recognized lease revenue of $5,382 during the fiscal year.

	Governmental Activities		
Fiscal Year	**Principal**	**Interest**	**Total Payments**
2024	$ 1,132	$ 158	$ 1,290
2025	1,114	139	1,253
2026	1,145	120	1,265
2027	1,117	101	1,218
2028	1,062	82	1,144
2029-2033	3,150	171	3,321
2034-2038	200	34	234
2039-2043	166	19	185
2044-2048	127	4	131
Total	**$ 9,213**	**$ 828**	**$ 10,041**

(amounts expressed in thousands)

	Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	$ 2,861	$ 1,739	$ 4,600
2025	2,675	1,699	4,374
2026	2,574	1,664	4,238
2027	2,296	1,630	3,926
2028	1,743	1,612	3,355
2029-2033	5,179	7,780	12,959
2034-2038	4,578	7,367	11,945
2039-2043	3,600	6,997	10,597
2044-2048	3,333	6,711	10,044
2049-2053	3,963	6,381	10,344
2054-2058	4,574	5,996	10,570
2059-2063	5,074	5,565	10,639
2064-2068	5,501	5,084	10,585
2069-2073	3,068	4,704	7,772
2074-2078	3,046	4,433	7,479
2079-2083	3,331	4,148	7,479
2084-2088	3,641	3,838	7,479
2089-2093	3,984	3,494	7,478
2094-2098	4,357	3,121	7,478
2099-2103	4,766	2,711	7,477
2104-2108	5,209	2,267	7,476
2109-2113	5,698	1,777	7,475
2114-2118	6,232	1,243	7,475
2119-2123	6,815	659	7,474
2124-2128	3,950	118	4,068
Total	**$ 102,048**	**$ 92,738**	**$ 194,786**

Lease Liability

Leases are financings of the right-to-use an underlying asset and a lessee is required to recognize a lease liability and an intangible lease asset.

The City of Riverside has 23 leases as Lessee for the use of various land, building and equipment as of the end of the fiscal year. The City is required to make principal and interest payments through fiscal year 2027. As of June 30, 2023, the value of the lease liability is $1,262. The leases have an interest rate of 0.52%. The value of the lease asset as of June 30, 2023 of $2,485 with accumulated amortization of $1,246 and is included with land, buildings, and machinery and equipment on the table below:

	Amount of Lease Assets by Major Classes of Underlying Asset	
Asset Class	Lease Asset Value	Accumulated Amortization
Land	$ 312	$ (149)
Buildings	1,248	(651)
Machinery and equipment	925	(446)
	$ 2,485	$ (1,246)

Governmental Activities:	Beginning Balance	Additions	Reclass	Reductions	Ending Balance	Due Within One Year
Lease liability	$ 1,060	$ 83	$ -	$ (444)	$ 699	$ 379

Business-Type Activities::	Beginning Balance	Additions	Reclass	Reductions	Ending Balance	Due Within One Year
Lease liability	$ 787	$ -	$ -	$ (224)	$ 563	$ 226

	Governmental Activities		
Fiscal Year	Principal	Interest	Total Payments
2024	$ 379	$ 2	$ 381
2025	204	1	205
2026	102	-	102
2027	14	-	14
Total	**$ 699**	**$ 3**	**$ 702**

(amounts expressed in thousands)

Fiscal Year	Business-Type Activities Principal Payments	Interest Payments	Total Payments
2024	$ 226	$ 2	$ 228
2025	223	1	224
2026	114	-	114
Total	**$ 563**	**$ 3**	**$ 566**

Subscription-Based Information Technology Arrangements Liability

The City of Riverside has 23 subscription-based information technology arrangement (SBITA) for the use of various software as of the end of the fiscal year. The City is required to make principal and interest payments through fiscal year 2028. An initial lease liability was recorded in the amount of $3,582. As of June 30, 2023, the value of the subscription liability was $2,016. The subscriptions have interest rates ranging from 0.52% to 2.31%. The value of the subscription asset as of June 30, 2023 is $3,922 with accumulated amortization of $1,757.

Governmental Activities:	Beginning Balance	Additions	Reclass	Reductions	Ending Balance	Due Within One Year
SBITA liability	$ -	$ 3,634	$ -	$ (1,704)	$ 1,930	$ 1,597

Business-Type Activities::	Beginning Balance	Additions	Reclass	Reductions	Ending Balance	Due Within One Year
SBITA liability	$ -	$ 163	$ -	$ (77)	$ 86	$ 74

Fiscal Year	Governmental Activities Principal	Interest	Total Payments
2024	$ 1,597	$ 13	$ 1,610
2025	185	4	189
2026	103	2	105
2027	43	1	44
2028	2	-	2
Total	**$ 1,930**	**$ 20**	**$ 1,950**

Fiscal Year	Business-Type Activities Principal	Interest	Total Payments
2024	$ 74	$ 1	$ 75
2025	6	-	6
2026	4	-	4
2027	2	-	2
Total	**$ 86**	**$ 1**	**$ 87**

Note 7. Derivative Instruments

Interest Rate Swaps

The City has six cash flow hedging derivative instruments, which are pay-fixed swaps. These swaps were employed as a hedge against debt that was refunded in 2008 and 2011 and against debt issued in 2012. The balance of the deferral account for each swap is included as part of the deferred charge on refunding associated with the new bonds. The swaps were also employed as a hedge against the new debt. Hedge accounting was applied to that portion of the hedging relationship, which was determined to be effective. Hedge accounting was also applied to the swap associated with the debt issued in 2012, which was also determined to be effective.

The following is a summary of the derivative activity for the year ended June 30, 2023:

	Notional Amount	Fair Value as of 06/30/23	Change in Fair Value for Fiscal Year
Governmental Activities			
2008 Renaissance Certificates of Participation*	$ 56,097	$ (3,381)	$ 2,907
Business-Type Activities			
2008 Renaissance Certificates of Participation*	25,203	(1,465)	1,260
2008 Electric Refunding/Revenue Bonds Series A	34,465	(491)	1,394
2008 Electric Refunding/Revenue Bonds Series C	32,150	(1,809)	1,686
2011 Electric Refunding/Revenue Bonds Series A	33,600	(1,797)	1,728
2011 Water Refunding/Revenue Bonds Series A	24,050	(1,377)	1,269
2012 Convention Center Financing	25,849	1,088	820

* The 2008 Riverside Renaissance Certificates of Participation were distributed between Governmental Activities and Business-Type Activities to properly reflect thier proportional share.

(amounts expressed in thousands)

Objective: In order to lower borrowing costs as compared to fixed-rate bonds, the City entered into interest rate swap agreements in connection with its $141,840 2008 Electric Revenue Bonds (Series A and C), $56,450 2011A Electric Revenue Bonds, $59,000 2011A Water Revenue Bonds and $128,300 2008 Certificates of Participation ("COP"). Also, in 2012, the City entered into an additional interest rate swap agreement in connection with the $41,650 Convention Center financing with PNC Bank, N.A.

Terms: Per the existing swap agreements, the City pays a counterparty a fixed payment and receives a variable payment computed as 62.68% of the London Interbank Offering Rate (LIBOR) one month index plus 12 basis points for the Electric and Water swaps. For the COP swap, the City pays a fixed payment and receives a variable payment computed as 63.00% of the LIBOR one-month index plus 7 basis points. The Convention Center financing consists of an initial 21-month variable rate interest only period during construction, which swaps to a fixed rate for the remaining 20-year amortization whereby the City will pay a fixed payment and will receive a variable payment computed at 65.01% of the LIBOR one month index plus 150 basis points. The notional value of the swaps and the principal amounts of the associated debt decline at a smaller rate until the debt is completely retired in fiscal year 2037.

The bonds and the related swap agreements for the 2008A Electric Revenue Bonds mature on October 1, 2029, 2008C Electric and 2011A Electric and 2011A Water Revenue/Refunding Bonds mature on October 1, 2035. The 2008 Certificates of Participation mature on March 1, 2037. The loan with PNC Bank, N.A. will be paid in full on April 1, 2034.

As of June 30, 2023, rates were as follows:

	2008 Electric Refunding/ Revenue Bonds Series A	2008 Electric Refunding/ Revenue Bonds Series C	2011 Electric Refunding/ Revenue Bonds Series A
	Rates	Rates	Rates
Interest rate swap:			
Fixed payment to counterparty	3.11100 %	3.20400 %	3.20100 %
Variable payment from counterparty	(0.69885)%	(0.69911)%	(0.75953)%
Net interest rate swap payments	**2.41215 %**	**2.50489 %**	**2.44147 %**
Variable rate bond coupon payments	0.56351 %	0.57077 %	0.68005 %
Synthetic interest rate on bonds	**2.97566 %**	**3.07566 %**	**3.12152 %**

	2011 Water Refunding/ Revenue Bonds Series A	2008 Renaissance COPs	2012 Convention Center Financing
	Rates	Rates	Rates
Interest rate swap:			
Fixed payment to counterparty	3.20000 %	3.36200 %	3.24000 %
Variable payment from counterparty	(0.72101)%	(0.65803)%	(2.26771)%
Net interest rate swap payments	**2.47899 %**	**2.70397 %**	**0.97229 %**
Variable rate bond coupon payments	0.65145 %	0.58813 %	2.26771 %
Synthetic interest rate on bonds	**3.13044 %**	**3.29210 %**	**3.24000 %**

Fair Value: As of June 30, 2023, in connection with all swap arrangements, the transactions had a combined net negative fair value of $9,232. Because the coupons on the City's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value decrease. The fair value was developed by a pricing service using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Credit risk: The City is not exposed to substantial credit risk because each swap, with the exception of the Convention Center Financing swap have a negative fair value. The swap counterparties, Bank of America, N.A., Merrill Lynch Capital Services, Inc., PNC Financial Services Group, Inc. and J.P. Morgan Chase & Co. were rated A+, A-, A and A- respectively by Standard & Poor's. To mitigate the potential for credit risk for these swaps, the swap agreements require the fair value of the swap to be collateralized by the counterparty with U.S. Government securities if the counterparties' rating decreases to negotiated trigger points. Collateral would be posted with a third-party custodian. At June 30, 2023, there is no requirement for collateral posting for any of the outstanding swaps.

Basis risk: The City is exposed to basis risk on its pay-fixed interest rate swap and rate cap hedging derivative instruments because the variable-rate payments received by the City on these hedging derivative instruments are based on a rate or index other than interest rates the city pays on its hedged variable-rate debt. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized.

(amounts expressed in thousands)

Termination risk: The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination event.” That is, a swap may be terminated by the City if either counterparty’s credit quality falls below “BBB-" as issued by Standard and Poor’s. The City or the counterparty may terminate a swap if the other party fails to perform under the terms of the contract. If a swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination, a swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap’s fair value.

Swap payments and associated debt: As of June 30, 2023, the debt service requirements of the variable-rate debt and net swap payments assuming current interest rates remain the same, for their term are summarized in the following table. As rates vary, variable-rate bond interest payments and net swap payments will vary.

	Variable-Rate Bonds			
Fiscal Year	**Principal**	**Interest**	**Interest Rate Swaps, Net**	**Total**
2024	$ 7,495	$ 1,994	$ 6,177	$ 15,666
2025	7,669	1,828	5,624	15,121
2026	8,662	1,711	5,323	15,696
2027	14,906	1,581	4,963	21,450
2028	15,639	1,444	4,587	21,670
2029-2033	107,314	4,776	15,933	128,023
2034-2038	71,290	771	3,199	75,260
Total	**$ 232,975**	**$ 14,105**	**$ 45,806**	**$ 292,886**

Note 8. Letters of Credit

The City’s 2008 Certificates of Participation, 2008 Electric Revenue Bonds (Series A and C), and 2011 Electric Revenue Bonds (Series A) require an additional layer of security between the City and the purchaser of the bonds. The City has entered into the following letters of credit (“LOC”) in order to provide liquidity should all or a portion of the debt be optionally tendered to the remarketer without being successfully remarketed:

Debt Issue	LOC Provider	LOC Expiration Date	Annual Commitment Fee
2008 Certificates of Participation	Bank of America, N.A.	2026	0.350%
2008A Electric Revenue Bonds	Barclays Bank, PLC	2024	0.395%
2008C Electric Revenue Bonds	Barclays Bank, PLC	2024	0.395%
2011A Electric Revenue Bonds	Bank of America, N.A.	2026	0.350%

To the extent that remarketing proceeds are insufficient or not available, tendered amounts will be paid from drawings made under an irrevocable direct-pay letter of credit.

Liquidity advances drawn against the LOC that are not repaid will be converted to an installment loan with principal to be paid quarterly not to exceed a 5-year period. The City would be required to pay annual interest equal to the highest of 8.0%, the Prime Rate plus 2.50%, the Federal Funds Rate plus 2.50% and 150% of the yield on the 30-year U.S. Treasury Bond. No amounts have ever been drawn against the four letters of credit due to a failed remarketing. The various indentures allow the City to convert the mode of the debt in the case of a failed remarketing.

On February 1, 2019, the City entered into a subordinate letter of credit agreement with U.S. Bank, National Association. The agreement was renewed on February 1, 2022. The Subordinate Letter of Credit is a tool approved through the Electric and Water Utility Five-Year Rate Plan to manage rate increases by enabling the Electric Utility and Water Utility to reduce cash levels while maintaining compliance with the Riverside Public Utilities Cash Reserve Policy. Under the terms and conditions of the agreement, the City may borrow up to $35,000 for purposes of the capital or operating financial needs of the Electric System and $25,000 for purposes of the capital or operating financial needs of the Water System. There were no borrowings against the LOC as of June 30, 2023.

(amounts expressed in thousands)

Note 9. Long-Term Obligations

Changes in Long-Term Obligations:

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

Governmental Activities:	Beginning Balance	Additions	Reclass	Reductions	Ending Balance	Due Within One Year
General obligation bonds	$ 4,987	$ -	$ -	$ (1,576)	$ 3,411	$ 1,640
Pension obligation bonds	338,264	-	-	(16,851)	321,413	7,624
Certificates of participation	85,477	-	-	(4,893)	80,584	5,054
Lease revenue bonds	68,855	-	-	(3,762)	65,093	3,539
Direct borrowings:						
Financed purchase	22,294	461	-	(3,525)	19,230	3,589
	$ 519,877	$ 461	$ -	$ (30,607)	$ 489,731	$ 21,446

Business-Type Activities:	Beginning Balance	Additions	Reclass	Reductions	Ending Balance	Due Within One Year
Revenue bonds	$ 1,139,100	$ 63,596	$ -	$ (39,020)	$1,163,676	$ 36,925
Pension obligation bonds	110,718	-	-	(7,013)	103,705	8,454
Certificates of participation	25,912	-	-	(1,330)	24,582	1,391
Lease revenue bonds	6,625	-	-	(457)	6,168	480
Direct borrowings:						
Notes payable	59,948	-	-	(4,878)	55,070	4,944
Contracts payable	933	-	-	-	933	150
Financed purchase	2,176	-	-	(700)	1,476	342
	$ 1,345,412	$ 63,596	$ -	$ (53,398)	$1,355,610	$ 52,686

Governmental Activities:

General Obligation Bonds - Governmental Activities:	Principal Outstanding
$20,000 Fire Facility Projects, Election of 2003 General Obligation Bond; 3.0% to 5.5%, due in annual installments from $410 to $1,740 through August 1, 2024.	$ 3,380
Add: unamortized bond premium	31
Total general obligation bonds	**$ 3,411**

Remaining general obligation bond debt service payments will be made from unrestricted revenues of the General Fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 1,640	$ 141	$ 1,781
2025	1,740	48	1,788
Premium	31	-	31
Total	**$ 3,411**	**$ 189**	**$ 3,600**

Pension Obligation Bonds - Governmental Activities:	Principal Outstanding

In 2018, the 2017 Taxable Pension Obligation Bonds were distributed between Governmental Activities, Business-Type Activities and the Successor Agency to properly reflect their proportional share. Pension Obligation bonds are not collateralized by assets, nor do they constitute an obligation of the City of Riverside whereby the City is obligated to levy or pledge any form of taxation.

In 2020, the 2017 Taxable Pension Obligation Bonds outstanding balances in the Successor Agency were distributed between Governmental Activities and Business-Type Activities.

$31,960 2017 Taxable Pension Obligation Bonds Series A; 1.25% to 3.125%, due in annual installments from $2,910 to $3,580 through June 1, 2027; $15,299 relates to Governmental Activities. $ 6,565

(amounts expressed in thousands)

$432,165 2020 Taxable Pension Obligation Bonds Series A; 1.646% to 3.857% due in annual installments from $2,920 to $28,310 through June 1, 2045. $324,582 relates to Governmental Activities		315,001
Subtotal		**321,566**
Less: unamortized bond discount		(153)
Total pension obligation bonds	**$**	**321,413**

Remaining pension obligation bond debt service payments will be made from unrestricted revenues of the General Fund. Annual debt service requirements to maturity are as follows:

Fiscal Year		Principal		Interest		Total
2024	$	7,624	$	11,523	$	19,147
2025		9,839		11,353		21,192
2026		9,884		11,123		21,007
2027		10,966		10,868		21,834
2028		10,343		10,570		20,913
2029-2033		69,906		47,456		117,362
2034-2038		107,923		31,014		138,937
2039-2043		84,076		10,858		94,934
2044-2048		11,005		537		11,542
Discount		(153)		-		(153)
Total	**$**	**321,413**	**$**	**145,302**	**$**	**466,715**

Certificates of Participation – Governmental Activities:		**Principal Outstanding**
In 2019, the 2008 Riverside Renaissance Certificates of Participation were distributed between Governmental Activities and Business-Type Activities to properly reflect their proportional share.		
$19,945 2006 Galleria at Tyler Public Improvements Certificates of Participation are secured with collateral of the two level 912 space parking structure located near Tyler Street and Nordstrom store, the Tyler Mall North Plaza, the North Plaza parking, storm drains related to those improvements, and portions of two arterial streets; 4.0% to 5.0%, due in annual installments from $435 to $1,270 through September 1, 2036.	$	5
$128,300 2008 Riverside Renaissance Certificates of Participation are secured with collateral of the Adulka Park, Fairmount Park and Golf Course, Arlington Heights Sports Park, Orange Terrace Park, Orange Terrace Community Center and Orange Terrace Library; issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.4%. For information on the swap agreement see Note 6. Due in annual installments from $2,900 to $7,200 through March 1, 2037; $71,159 relates to Governmental Activities.		56,718
$35,235 2013 Pavement Rehab Certificates of Participation are secured by Measure A Sales Tax receipts; 4.0% to 5.0%, due in annual installments from $1,285 to $2,855 through June 1, 2033.		23,225
Subtotal		**79,948**
Plus: unamortized bond premium		636
Total certificates of participation	**$**	**80,584**

Remaining Certificates of Participation debt service payments will be made from unrestricted revenues of the Debt Service Fund. Annual debt service requirements to maturity are as follows:

(amounts expressed in thousands)

Fiscal Year	Principal	Interest	Total
2024	$ 5,054	$ 3,031	$ 8,085
2025	5,224	2,826	8,050
2026	5,463	2,612	8,075
2027	5,713	2,389	8,102
2028	5,947	2,171	8,118
2029-2033	33,426	7,163	40,589
2034-2038	19,121	1,475	20,596
Premium	636	-	636
Total	**$ 80,584**	**$ 21,667**	**$ 102,251**

Lease Revenue Bonds - Governmental Activities:	Principal Outstanding
In 2019, the Series 2012A Lease Revenue Refunding Bonds were distributed between Governmental Activities, Business-Type Activities, and Successor Agency to properly reflect their proportional share.	
On August 15, 2012, the City issued the Series 2012A Lease Revenue Refunding Bonds in the amount of $41,240. The bonds are secured by lease payments on a portion of the City Hall Complex and the Lincoln Police Patrol Center. The bonds were issued to refinance the 2003 Certificates of Participation. Interest on the bonds is payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2013. The rate of interest varies from 2% to 5% per annum depending on maturity date. Principal is payable in annual installments ranging from $1,295 to $2,840 commencing November 1, 2013 and ending November 1, 2033. In the event of default, the Trustee may retain the Lease Agreement and hold the City liable for all Base Rental Payments on an annual basis. The rental payments may not be accelerated. $23,683 relates to Governmental Activities.	$ 17,724
$15,980 2019A Lease Revenue Refunding Bonds (Galleria at Tyler Public Improvements) are secured by lease payments on the two level 912 space parking structure located near Tyler Street and Nordstrom store, the Tyler Mall North Plaza, the North Plaza parking, storm drains related to those improvements, and portions of two arterial streets. The bonds were issued to refinance all but $5 of the outstanding 2006 Lease Revenue Certificates of Participation (Galleria at Tyler Public Improvements); 2.75% to 4.0%, due in annual installments from $605 to $1,180 through November 1, 2036. The refunding transaction resulted in a total net present value savings of $1,140. In the event of default, the Trustee may retain the Lease Agreement and hold the City liable for all Base Rental Payments on an annual basis. The rental payments may not be accelerated.	13,225
$33,505 2019B Lease Revenue Refunding Bonds (Main Library Project); 3.0% to 5.0%, due in annual installments from $1,245 to $2,645 through November 1, 2036. The bonds are secured by an amendment to the Ground Lease entered into by the City upon issuance of the 2012A Lease Revenue Bonds. It adds the remainder of the City Hall Complex, the Corporation Yard Administration Building and annex, Bobby Bonds Park, and the Main Library site. In the event of default, the Trustee may retain the Lease Agreement and hold the City liable for all Base Rental Payments on an annual basis. The rental payments may not be accelerated.	27,475
Subtotal	**58,424**
Add: unamortized bond premium	6,669
Total lease revenue bonds	**$ 65,093**

Remaining lease revenue bond debt service payments will be made from unrestricted revenues of the Debt Service Fund. Annual debt service requirements to maturity are as follows:

(amounts expressed in thousands)

Fiscal Year	Principal	Interest	Total
2024	$ 3,539	$ 2,542	$ 6,081
2025	3,587	2,389	5,976
2026	3,733	2,242	5,975
2027	3,896	2,078	5,974
2028	4,074	1,895	5,969
2029-2033	23,311	6,439	29,750
2034-2038	16,284	1,420	17,704
Premium	6,669	-	6,669
Total	**$ 65,093**	**$ 19,005**	**$ 84,098**

Business-Type Activities:

The following debt has been issued for the purpose of generating capital resources for use in acquiring or constructing municipal facilities or infrastructure projects.

Revenue Bonds - Business-Type Activities:	Principal Outstanding
Electric	
All electric revenue bonds are covenanted per the Amended and Restated Resolution No. 17662 (Electric) Master Resolution that upon the occurrence and continuation of an event of default, the owners of 25% in aggregate amount of Bond Obligation may, by written notice to the City, declare the entire unpaid principal and accreted value of the bonds due and payable should the City fail to pay its debts as they become due or upon the entry of any decree or order of bankruptcy of the City.	
$141,840 2008 Electric Refunding/Revenue Bonds; Series A & C. The bonds were issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.1% and 3.2% for the Series A & C bonds, respectively. See Note 6 for information on the swap agreements. Bonds are due in annual installments from $700 to $7,835 through October 1, 2035. In 2019, the Electric Fund refunded $40,425 of the outstanding balance.	$ 66,615
$140,380 2010 Electric Revenue Bonds fixed rate bonds, 3% to 7.65%, due in annual installments from $95 to $33,725 through October 1, 2040.	126,110
$56,450 2011 Electric Revenue Refunding Bonds; Series A. The bonds were issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see Note 6. Bonds are due in annual installments from $725 to $5,175 through October 1, 2035. Upon event of default, the bank may declare the outstanding amount of the obligations payable to be due immediately. During fiscal year 2019-20, the bonds originally issued as private placement bonds were remarketed as public securities in order to obtain a lower rate. The structure is the same and the existing swap is the same.	33,600
$79,080 2013 Electric Revenue Refunding Bonds; Series A fixed rate bonds, 3% to 5.25%, due in annual installments from $795 to $12,685 through October 1, 2043.	35,385
$283,325 2019 Electric Refunding/Revenue Bonds; Series A, fixed rate bonds, 5.0%, due in annual installments from $3,545 to $24,005 through October 1, 2048. The bonds refunded the 2008 Electric Revenue Bonds Series D and partially refunded the 2008 Electric Revenue Bonds Series A and C. The refunding transactions resulted in a total net present value savings of $36,810.	245,660
Subtotal	**507,370**
Add: Unamortized bond premium	42,457
Subtotal - Electric	**549,827**

Water

All water revenue bonds are covenanted per the Amended and Restated Resolution No. 17664 (Water) Master Resolution that upon the occurrence and continuation of an event of default, the owners of 25% in aggregate amount of Bond Obligation may, by written notice to the City, declare the entire unpaid principal and accreted value of the bonds due and payable should the City fail to pay its debts as they become due or upon the entry of any decree or order of bankruptcy of the City.

(amounts expressed in thousands)

$67,790 2009 Water Revenue Bonds; Series B fixed rate bonds, 5.1% to 6.3%, due in annual installments from $2,475 to $4,985 through October 1, 2039.	62,760
$59,000 2011 Water Refunding/Revenue Bonds; Series A. The bonds were issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see Note 6. Bonds are due in annual installments from $600 to $3,950 through October 1, 2035.	24,050
$114,215 2019 Water Refunding/Revenue Bonds; Series A, fixed rate bonds, 5.0%, due in annual installments from $1,680 to $8,455 through October 1, 2048. The bonds refunded the 2008 Water Revenue Bonds Series B and partially refunded and partially unwound the swap on the 2011 Water Revenue Bonds Series A. The refunding transactions resulted in a total net present value savings of $10,759.	98,465
$58,025 2022 Water Revenue Bonds; Series A fixed rate bonds, 5.0%, due in annual installments from $3,618 to $3,695 through October 1, 2052.	58,025
Subtotal	**243,300**
Add: Unamortized bond premium	21,994
Subtotal - Water	**265,294**

Sewer

All sewer revenue bonds are covenanted per Resolution No. 21860 Sewer Master Resolution that upon the occurrence and continuation of an event of default, the owners of 25% in aggregate amount of Bond Obligation may, by written notice to the City, declare the entire unpaid principal and accreted value of the bonds due and payable should the City fail to pay its debts as they become due or upon the entry of any decree or order of bankruptcy of the City.

$200,030 2015 Sewer Revenue Bonds; Series A fixed rate bonds, 4% to 5%, due in annual installments from $4,790 to $14,175 through August 1, 2040.	173,610
$153,670 2018 Sewer Revenue Bonds; Series A fixed rate bonds, 4% to 5%, due in annual installments from $2,905 to $11,775 through August 1, 2039. The bonds advanced refunded the 2009 Direct Pay Build America Bonds Series B. The refunding transaction resulted in a total net present value savings of $18,932.	139,475
Subtotal	**313,085**
Add: unamortized bond premium	35,470
Subtotal - Sewer	**348,555**
Total revenue bonds	**$ 1,163,676**

Remaining revenue bond debt service payments will be made from revenues of the Electric, Water and Sewer Enterprise funds. Annual debt service requirements to maturity are as follows:

	Electric		
Fiscal Year	**Principal**	**Interest**	**Total**
2024	$ 17,515	$ 23,362	$ 40,877
2025	18,335	22,488	40,823
2026	19,305	21,580	40,885
2027	20,085	20,742	40,827
2028	20,960	19,864	40,824
2029-2033	118,900	84,562	203,462
2034-2038	138,570	55,605	194,175
2039-2043	121,770	19,283	141,053
2044-2048	26,430	4,532	30,962
2049-2053	5,500	138	5,638
Premium	42,457	-	42,457
Total	**$ 549,827**	**$ 272,156**	**$ 821,983**

(amounts expressed in thousands)

	Water		
Fiscal Year	**Principal**	**Interest**	**Total**
2024	$ 7,950	$ 11,050	$ 19,000
2025	8,460	10,664	19,124
2026	8,840	10,257	19,097
2027	9,245	9,831	19,076
2028	9,665	9,385	19,050
2029-2033	54,430	39,883	94,313
2034-2038	66,100	27,022	93,122
2039-2043	35,515	13,817	49,332
2044-2048	24,110	7,878	31,988
2049-2053	18,985	2,193	21,178
Premium	21,994	-	21,994
Total	**$ 265,294**	**$ 141,980**	**$ 407,274**

	Sewer		
Fiscal Year	**Principal**	**Interest**	**Total**
2024	$ 11,460	$ 15,139	$ 26,599
2025	12,050	14,551	26,601
2026	12,670	13,933	26,603
2027	13,320	13,283	26,603
2028	14,000	12,600	26,600
2029-2033	81,540	51,465	133,005
2034-2038	104,525	28,483	133,008
2039-2043	63,520	4,212	67,732
Premium	35,470	-	35,470
Total	**$ 348,555**	**$ 153,666**	**$ 502,221**

Pension Obligation Bonds - Business Type Activities:	**Principal Outstanding**
In 2018, the 2017 Taxable Pension Obligation Bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency to properly reflect their proportional share. Pension Obligation Bonds are not collateralized by assets, nor do they constitute a debt of the City of Riverside whereby the City is obligated to levy or pledge any form of taxation.	
In 2020, the 2017 Taxable Pension Obligation Bonds outstanding balances in the Successor Agency were distributed between Governmental Activities and Business-Type Activities.	
$31,960 2017 Taxable Pension Obligation Bonds Series A; 1.25% to 3.125%, due in annual installments from $2,910 to $3,580 through June 1, 2027. $16,661 relates to Business Type Activities.	$ 7,150
$432,165 2020 Taxable Pension Obligation Bonds Series A; 1.646% to 3.857% due in annual installments from $2,920 to $28,310 through June 1, 2045. $107,583 relates to Business-Type Activities.	96,555
Total pension obligation bonds	**$ 103,705**

Remaining pension obligation bond debt service payments will be made from unrestricted revenues of the Business-Type Activities funds. Annual debt service requirements to maturity are as follows:

Fiscal Year	**Principal**	**Interest**	**Total**
2024	$ 8,454	$ 3,342	$ 11,796
2025	9,364	3,153	12,517
2026	9,636	2,932	12,568
2027	9,244	2,683	11,927
2028	6,182	2,430	8,612
2029-2033	22,399	9,940	32,339
2034-2038	25,232	5,403	30,635
2039-2043	13,194	1,174	14,368
Total	**$ 103,705**	**$ 31,057**	**$ 134,762**

Certificates of Participation – Business Type Activities:	**Principal Outstanding**
In 2019, the 2008 Riverside Renaissance Certificates of Participation were distributed between Governmental Activities and Business-Type Activities to properly reflect their proportional shares.	

$128,300 2008 Riverside Renaissance Certificates of Participation are secured with collateral of the Andulka Park, Fairmount Park and Golf Course, Arlington Heights Sports Park, Orange Terrace Park, Orange Terrace Community Center, and Orange Terrace Library; issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.4%. For information on the swap agreement see Note 6. Due in annual installments from $2,900 to $7,200 through March 1, 2037; $30,841 relates to the Civic Entertainment Fund.	$ 24,582
Total certificates of participation	**$ 24,582**

Remaining certificates of participation debt service payments will be made from unrestricted revenues of the Civic Entertainment Fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 1,391	$ 815	$ 2,206
2025	1,420	768	2,188
2026	1,482	719	2,201
2027	1,542	669	2,211
2028	1,603	617	2,220
2029-2033	8,859	2,235	11,094
2034-2038	8,285	639	8,924
Total	**$ 24,582**	**$ 6,462**	**$ 31,044**

Lease Revenue Bonds – Business Type Activities:	**Principal Outstanding**
In 2019, the Series 2012A Lease Revenue Refunding Bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency to properly reflect their proportional share.	
On August 15, 2012, the City issued the Series 2012A Lease Revenue Refunding Bonds in the amount of $41,240. The bonds are secured by lease payments on a portion of the City Hall Complex and the Lincoln Police Patrol Center. The bonds were issued to refinance the 2003 Certificates of Participation. Interest on the bonds is payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2013. The rate of interest varies from 2% to 5% per annum depending on maturity date. Principal is payable in annual installments ranging from $1,295 to $2,840 commencing November 1, 2013 and ending November 1, 2033. In the event of default, the Trustee may retain the Lease Agreement and hold the City liable for all Base Rental Payments on an annual basis. The rental payments may not be accelerated. $8,242 relates to Governmental Activities.	$ 6,168
Total lease revenue bonds	**$ 6,168**

Remaining lease revenue bond debt service payments will be made from unrestricted revenues of the Parking Fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 480	$ 256	$ 736
2025	465	236	701
2026	481	220	701
2027	502	199	701
2028	527	173	700
2029-2033	3,031	461	3,492
2034-2038	682	14	696
Total	**$ 6,168**	**$ 1,559**	**$ 7,727**

The following are legally required debt service cash reserves. These amounts, at a minimum, are held by the City or fiscal agents at June 30, 2023:

(amounts expressed in thousands)

Governmental Long-Term Obligations:		
Certificates of participation	$	7,504
Total	**$**	**7,504**
Enterprise Funds:		
Electric		10,802
Total	**$**	**10,802**

The City has a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. The debt service coverage ratios also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

Description of Pledge Revenue	Annual Amount of Pledge Revenue (net of expenses, where required)	Annual Debt Service Payments (all of debt secured by this revenue)	Coverage Ratio for FY 06/30/23
Electric revenues	$ 93,040 *	$ 46,400	2.01
Water revenues	36,362 *	18,848	1.93
Sewer revenues	35,752	25,236	1.42

*Excludes non-cash pension expense

There are also a number of limitations and restrictions contained in Assessment Bond indentures. The City believes they are in compliance with all significant limitations and restrictions.

Direct Borrowings: Notes Payable - Business-Type Activities:	Principal Outstanding
Notes payable consists of several agreements with Harvest A OSR, LLC, Stockbridge NLP, LLC and related entities (collectively Hillwood) for their development of logistic centers located in the City of San Bernardino. As part of these agreements, the Water Fund leases land to Hillwood and also purchased land from Hillwood with a subsequent lease-back to the entity. In addition, the agreements require Hillwood to relocate wells located on the properties as well as terminate an existing lease. In consideration of the cost of the land purchase, well relocations and lease termination, the Water Utility will make payments to Hillwood in the form of a credit with Hillwood's rental payments to the Water Utility for the first 15 years of the leases.	$ 15,100
Public Parking Fund and Civic Entertainment Fund loan for Fox Entertainment Plaza project secured with collateral of the Fox Theater, Fox Entertainment Plaza, and Parking Garage No. 7. 3.85%, payable in net annual installments of $1,747, beginning June 16, 2011 through December 16, 2031. In the event of default, the City would continue to remain liable for the payment of Rental Payments and damages for breach of the Lease.	12,560

(amounts expressed in thousands)

In July 19, 2012, the City secured financing in the amount of $41,650 with BBVA Compass Bank for the renovation and expansion of the Riverside Convention Center (Civic Entertainment Fund) secured with collateral of the convention center facility. In March 2014, the financing arrangement with BBVA was increased to $44,650. The financing consists of an initial 21-month variable rate interest only period during construction that has a swap transaction layered over the remaining 20-year amortization resulting in a "synthetic fixed" rate of 3.24% for 20 of the 22 years. For information on the swap agreement see Note 6. At the end of the construction period, principal and interest are due on the first of each month, with equal payments each year of approximately $2,850. In the event of default, the outstanding amount of the site lease payment drawn by the City and not repaid will bear interest at a default rate that will be charged until the default is cured.		27,410
Total notes payable	**$**	**55,070**

Remaining notes payable debt service payments will be made from unrestricted revenues of the Water Fund, Public Parking Fund, and Civic Entertainment Fund. Annual debt service requirements to maturity are as follows:

	Water					
Fiscal Year		**Principal**		**Interest**		**Total**
2024	$	1,499	$	540	$	2,039
2025		1,628		490		2,118
2026		1,765		414		2,179
2027		1,915		342		2,257
2028		2,076		260		2,336
2029-2033		6,217		290		6,507
Total	**$**	**15,100**	**$**	**2,336**	**$**	**17,436**

	Non-Major Enterprise Funds					
Fiscal Year		**Principal**		**Interest**		**Total**
2024	$	3,445	$	1,322	$	4,767
2025		3,568		1,200		4,768
2026		3,688		1,075		4,763
2027		3,811		945		4,756
2028		3,940		811		4,751
2029-2033		19,128		1,932		21,060
2034-2038		2,390		29		2,419
Total	**$**	**39,970**	**$**	**7,314**	**$**	**47,284**

Direct Borrowings: Contracts Payable		**Principal Outstanding**
Water stock acquisition rights payable on demand to various water companies	$	933

Direct Borrowings: Financed Purchase

The City purchased various equipment through financing arrangements in the governmental and proprietary fund types. These activities are recorded for both governmental and business-type activities in the government-wide financial statements. The assets and related obligations in governmental funds are not recorded in the fund statements. For proprietary funds, the assets and their related liabilities are reported directly in the fund. Amortization applicable to proprietary assets acquired through financing arrangements is included with depreciation for financial statement presentation.

The assets acquired through financing arrangements are as follows:

Asset		**Governmental Activites**		**Business-Type Activities**
Buildings and improvements	$	2,353	$	-
Machinery and equipment		32,966		2,985
Subtotal		**35,319**		**2,985**
Less: Accumulated depreciation		(10,418)		(1,026)
Total	**$**	**24,901**	**$**	**1,959**

(amounts expressed in thousands)

The future minimum obligations as of June 30, 2023 were as follows:

Fiscal Year	Governmental Activities	Business-Type Activities
2024	$ 3,972	$ 375
2025	3,972	375
2026	2,876	375
2027	2,836	375
2028	1,990	56
Thereafter	4,953	-
Total minimum installments	**20,599**	**1,556**
Less: Amount representing interest (rates ranging from 1.2% to 9%)	(1,369)	(80)
Total financed purchase	**$ 19,230**	**$ 1,476**

Note 10. Compensated Absences

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probably that virtually all of these balances will be liquidated by either paid time-off or payments upon termination or retirement.

Below is a summary of changes in compensated absences during the fiscal year:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ 29,994	$ 20,209	$ (18,778)	$ 31,425	$ 19,673

Business-Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ 11,855	$ 9,655	$ (9,426)	$ 12,084	$ 9,602

Note 11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Property insurance coverage has a limit of $1,000,000, with a deductible of $100. Earthquake and flood insurance coverage has a limit of $25,000, with a deductible of 5% (subject to $100 minimum for earthquake and $100 for flood). Workers' compensation insurance coverage has a limit of $25,000, with a self-insured retention of $3,000. The City has four General Liability policies: a primary and and three excess General Liability policies. The primary General Liability policy coverage has a limit of $4,000 and the Excess General Liability policies provide an additional $21,000 of coverage, with a self-insured retention of $3,000. Both the primary and excess General liability policies cover general and auto liability claims including but not limited to Law Enforcement Liability and Public Officials Errors and Ommissions. There has been one claim settled in the last three fiscal years that exceed insurance coverage. Internal service funds have been established to account for and finance the uninsured risks of loss.

All funds of the City participate in the Risk Management program and make payments to the Internal Service Funds based on actuarial estimates of the amounts needed to fund prior and current year claims and incidents that have been incurred but not reported. Interfund premiums are accounted for as quasi-external transactions and are therefore recorded as revenues of the Internal Service Funds in the fund financial statements.

Changes in the self-insurance fund's claims and judgments amounts are:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Claims and judgments	$ 78,790	$ 1,938	$ (27,616)	$ 53,112	$ 12,834

Unpaid claims, June 30,2021	$ 76,603
Incurred claims (including IBNR's)	13,134
Claim payments and adjustments	(10,947)
Unpaid claims, June 30,2022	78,790
Incurred claims (including IBNR's)	1,938
Claim payments and adjustments	(27,616)
Unpaid claims, June 30,2023	$ 53,112

Note 12. Landfill Capping

State and Federal laws and regulations require the City to place a final cover on all active landfills when closed and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. To comply with these laws and regulations, the City is funding the costs of closure and "final capping" of the Tequesquite landfill located in the City. This area, comprised of approximately 120 acres, operated as a "Class II Sanitary Landfill" until its closure in 1985. During its operation, the landfill did not accept hazardous waste and no clean up and abatement or cease and desist orders have been issued to the City. The capacity used at June 30, 2023 was 100%. The remaining post closure period is currently 16 years.

(amounts expressed in thousands)

The estimated costs as determined and updated by the Public Works Department are associated with flood control upgrades, remediation of possible ground water contamination and control of methane gas. All potential costs have been recognized in the financial statements. However, there is the potential for these estimates to change due to inflation, deflation, technology, or change in laws or regulations. The City is recovering such costs in rates charged to its customers. The portion of costs to be recovered through future rates is classified as a regulatory asset and will be amortized over future periods.

Below is a summary of changes in landfill capping liability during the fiscal year:

Business-Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Landfill capping	$ 9,820	$ -	$ (395)	$ 9,425	$ 559

Note 13. Nuclear Decommissioning Liability

As of June 30, 2023, decommissioning liability balance was $48,873 with a portion reflected as current liabilities payable from restricted assets. Due to adequate funding of the liability, the Electric Utility no longer provides additional funding to the trustee. However, since the decommissioning cost estimate is subject to a number of uncertainties including the cost of disposal of nuclear waste, site remediation costs, as well as a number of other assumptions and estimates, the Electric Utility will continue to set aside funds in the designated decommissioning reserve of $2,000 per year, as approved by the Board of Public Utilities and City Council.

Below is a summary of changes in decommissioning liability during the fiscal year:

Business-Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Decommissioning liability	$ 53,310	$ 907	$ (5,344)	$ 48,873	$ 10,227

Note 14. Commitments and Contingencies

Intermountain Power Agency

The Electric Utility has a power purchase contract with Intermountain Power Agency (IPA) for the delivery of electric power. The Electric Utility's share of IPA power is equal to 7.6 percent, or approximately 137.1 MW, of the net generation output of IPA's 1,800 MW central Utah coal-fueled generating station, known as Intermountain Power Project (IPP). The contract expires in 2027 and the debt fully matures in 2024.

The contract constitutes an obligation of the Electric Utility to make payments solely from operating revenues. The power purchase contract requires the Electric Utility to pay certain minimum charges that are based on debt service requirements and other fixed costs. Such payments are considered a cost of production.

On September 29, 2006, Senate Bill 1368 (SB 1368) was enacted into law. The bill requires electric service providers to limit financial investments in power plants to those that adhere to greenhouse gas performance standards as determined by the Public Utilities Commission. Pursuant to this legislation, the Electric Utility is prohibited from renewing its participation in IPP if it remains a coal fueled generating resource.

In order to facilitate the continued participation in the IPP, the IPA Board issued the Second Amendatory Power Sales Contract, which amended the IPP Contract allowing the plant to replace the coal units with combined cycle natural gas units by July 1, 2025. On June 16, 2015, the City Council approved the IPP renewal agreements, including the Second Amendatory Power Sales Contract and the Renewal Power Sales Contract, and authorized participation in the IPP Repower Project for up to 5 percent in generation capacity or 60 MW. The Second Amendatory Power Sales Contract became effective March 16, 2016.

On January 5, 2017, the Electric Utility executed the Renewal Power Sales Contract and the Electric Utility accepted an offer of 4.167 percent entitlement or 50 MW generation capacity in the IPP Repower Project based on the 1,200 MW designed capacity, which is within the maximum participation level approved by the City Council. The Electric Utility's corresponding Southern Transmission System allocation is 5.278 percent or approximately 127 MW. Further, under the Renewal Power Sales Contract, the Electric Utility had the right to exit from the Repower Project by no later than November 1, 2019, if it is determined that the Repower Project is not cost beneficial to its customers.

(amounts expressed in thousands)

On September 11, 2018, the City Council approved “Alternative Repowering” of the IPP Repower Project, which reduced the design capacity of the future plant from 1,200 MW to 840 MW.

On May 7, 2019, the City Council authorized termination of the Renewal Power Sales Contract between the IPA and the Electric Utility effective November 1, 2019, and the Electric Utility’s exit from the IPP Repower Project upon the expiration date of the current Power Sales Contract on June 15, 2027, due to numerous uncertainties surrounding the IPP Repower Project.

The Electric Utility is a member of the Southern California Public Power Authority (SCPPA), a joint powers agency. SCPPA provides for the financing and construction of electric generating and transmission projects for participation by some or all of its members. To the extent the Electric Utility participates in take-or-pay projects developed by SCPPA, it has entered into Power Purchase or Transmission Service Agreements, entitling the Electric Utility to the power output or transmission service, as applicable, and the Electric Utility will be obligated for its proportionate share of the project costs whether or not such generation output of transmission service is available.

The projects and the Electric Utility’s proportionate share of SCPPA’s obligations, including final maturities and contract expirations are as follows:

Project	Percent Share	Entitlement	Final Maturity	Contract Expiration
Palo Verde Nuclear Generating Station	5.40 %	12.3 MW	2017	2030
Southern Transmission System	10.20 %	244.0 MW	2027	2027
Mead-Phoenix Transmission	4.00 %	18.0 MW	2020	2030
Mead-Adelanto Transmission	13.50 %	118.0 MW	2020	2030

Terms of Take or Pay Commitments

As part of the take-or-pay commitments with IPA and SCPPA, the Electric Utility has agreed to pay its share of current and long-term obligations. Management intends to pay these obligations from operating revenues received during the year that payment is due. A long-term obligation has not been recorded on the accompanying financial statements for these commitments. Take-or-pay commitments terminate upon the later of contract expiration or final maturity of outstanding bonds for each project.

The outstanding debts associated with the take-or-pay obligations have fixed interest rates, which range from 4.00 percent to 5.00 percent. The schedule below details the amount of principal and interest that is due and payable by the Electric Utility as part of the take-or-pay contract for each project in the fiscal year indicated.

	IPA[1]	SCPPA	Total
Debt Service Payment Year Ending June 30,	Intermountain Power Project	Southern Transmission System	All Projects
2024	$ 3,479	$ 7,125	$ 10,604
2025	2,997	3,261	6,258
2026	2,997	3,257	6,254
2027	4,810	3,253	8,063
2028	-	3,254	3,254
Total	**$ 14,283**	**$ 20,150**	**$ 34,433**

[1] The Electric Utility's contract with IPA expires in 2027. The Electric Utility will not be responsible for the proportionate share of the 2022 Series A & B Revenue bonds after the contract expires.

In addition to debt service, the Electric Utility’s entitlements require the payment of fuel costs, operating and maintenance, administrative and general and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service and vary each year. The costs incurred for the years ended June 30, 2023 and 2022, are as follows:

Fiscal Year	Intermountain Power Project*	Palo Verde Nuclear Generating Station*	Southern Transmission System	Mead-Phoenix Transmission	Mead-Adelanto Transmission	All Projects
2023	$ 20,344	$ 3,010	$ 3,839	$ 90	$ 461	$ 27,744
2022	19,522	2,930	4,400	57	415	27,324

* Excludes variable costs

These costs are included in production and purchased power or transmission expense on the Statements of Revenues, Expenses, and Changes in Net Position.

The Electric Utility has become a Participating Transmission Owner with the California Independent System Operator (CAISO) and has turned over the operational control of its transmission entitlements including the Southern Transmission System, Mead-Phoenix and Mead-Adelanto Transmission Projects. In return, users of California’s high voltage transmission grid are charged for, and the Electric Utility receives reimbursement for, transmission revenue requirements, including the costs associated with these three transmission projects.

Hoover Uprating Project

The Electric Utility's initial entitlement in the Hoover project through SCPPA terminated on September 30, 2017. On August 23, 2016, the City Council approved a 50-year Electric Service Contract (ESC) and an Amended and Restated Implementation Agreement (IA) with the Western Area Power Administration (Western), Bureau of Reclamation for 30 MW of hydroelectric power. The contract with Western is effective as of October 1, 2017. The ESC extended the Electric Utility's 30 MW entitlement in the Hoover project through 2067. The IA is a supplemental agreement to the ESC that establishes administrative, budgetary and project oversight by creating project committees and process for decision making plant operations.

Nuclear Insurance

The Price-Anderson Act (the Act) requires that all utilities with nuclear generating facilities purchase the maximum private primary nuclear liability insurance available ($450 million) and participate in the industry's secondary financial protection plan. The secondary financial protection program is the industry's retrospective assessment plan that uses deferred premium charges from every licensed reactor owner if claims and/or costs resulting from a nuclear incident at any licensed reactor in the United States were to exceed the primary nuclear insurance at that plant's site. Effective October 5, 2023, the Act limits liability from third-party claims to approximately $16.5 billion per incident. Under the industry wide retrospective assessment program provided for under the Act, assessments are limited to $137.6 million per reactor for each nuclear incident occurring at any nuclear reactor in the United States, with payments under the program limited to $24.7 million per reactor, per year, per event to be indexed for inflation every five years. Based on the Electric Utility's interest in Palo Verde, the Electric Utility would be responsible for a maximum assessment of $1.4 million, limited to payments of $0.2 million per incident, per year. If the public liability limit above is insufficient, federal regulations may impose further revenue-raising measures to pay claims, including a possible additional assessment on all licensed reactor operators.

Renewable Portfolio Standards (RPS)

On April 12, 2011, the California Renewable Energy Resources Act (SBX1-2) was signed into law by the Governor, which officially created the first set of tiered RPS targets of 20% by 2013, 25% by 2016 and 33% by 2020. SBX1-2 specified that publicly owned utilities must meet these defined targets via interim Compliance Period (CP) targets to achieve the end goal of 33% RPS by December 31, 2020 as follows: CP1 - an average of 20 percent of retail sales during the three year period from 2011-2013; CP2 – no less than 25 percent of retail sales by December 31, 2016; and CP3 – no less than 33 percent of retail sales by December 31, 2020. The Riverside Public Utilities Board and City Council approved the RPS Enforcement Program required by SBX1-2 on November 18, 2011 and December 13, 2011, respectively, and further approved the Electric Utility's RPS Procurement Plan (a.k.a. Procurement Policy) implementing the new RPS mandates on May 3, 2013 and May 14, 2013, respectively. The Electric Utility met the procurement requirements of SBX1-2 for CP1 (2011-2013) CP2 (2014-2016), and CP3 (2017-2020). The additional future mandates are expected to be met with resource procurement actions as outlined in the Electric Utility's RPS Procurement Plan. For calendar year 2022, renewable resources provided 43 percent of retail sales requirements.

On October 7, 2015, the Governor signed into law Senate Bill 350 (SB 350) increasing the RPS mandate from 33 percent by 2020 to 50 percent by December 31, 2030. In addition, SB 350 required that an updated RPS Procurement Policy be approved and adopted before January 1, 2019 and be incorporated into the Electric Utility's Integrated Resource Plan. An updated 2018 Renewable Energy Procurement Policy was adopted by the Board and City Council on September 10, 2018 and October 9, 2018, respectively. The Electric Utility expects to be able to substantially meet the increased RPS mandates imposed by SB 350 with the actions described in the updated procurement policy and the portfolio of renewable resources outlined below.

On September 10, 2018, the 100 Percent Clean Energy Act of 2018 (Senate Bill 100) was signed into law by the California Governor. This bill further increases the RPS goals of SBX1-2 and SB 350 while maintaining the 33 percent RPS target by December 31, 2020, but modifying the RPS percentages to be 44 percent by December 31, 2024, 52 percent by December 31, 2027, 60 percent by December 31, 2030, with an end goal of 100 percent of total retail sales of electricity in California generated from eligible renewable energy resources and zero-carbon resources by December 31, 2045. It is expected that the California Energy Commission will have further guidance and enforcement procedures for publicly owned utilities to meet these increased mandates. The Electric Utility will continue to monitor the outcome and impacts of any upcoming workshops and regulations in meeting the new requirements.

(amounts expressed in thousands)

In an effort to increase the share of renewables in the Electric Utility's power portfolio, the Electric Utility entered into power purchase agreements (PPA) and power sales agreements (PSA) with various entities described below in general on a "take-and-pay" basis. The contracts in the following tables were executed as part of compliance with RPS mandates.

Long-term renewable PPAs and PSAs in operation:

Supplier	Type	Maximum Contract[1]	Contract Expiration	Estimated Annual Cost for 2023
Wintec	Wind	1.3 MW	02/19/2024	$ 150
WKN Wagner	Wind	6.0 MW	12/22/2032	1,358
Terraform Power - AP North Lake	Photovoltaic	20.0 MW	08/11/2040	4,942
Onward Energy - Columbia II	Photovoltaic	11.1 MW	12/22/2034	2,314
GlidePath Power Solutions - GPS Cabazon Wind LLC	Wind	39.0 MW	01/01/2025	4,299
Capital Dynamics - Kingbird Solar B, LLC	Photovoltaic	14.0 MW	12/31/2036	2,867
AES - Summer Solar	Photovoltaic	10.0 MW	12/31/2041	1,748
AES - Antelope Big Sky Ranch	Photovoltaic	10.0 MW	12/31/2041	1,748
AES - Antelope DSR 1 Solar	Photovoltaic	25.0 MW	12/19/2036	3,826
Arevon - Tequesquite Landfill Solar	Photovoltaic	7.3 MW	12/31/2040	1,434
Roseburg Forest Products[2]	Biomass	N/A MW	02/16/2026	179
CalEnergy - Salton Sea Portfolio	Geothermal	86.0 MW	12/31/2039	56,038
Atlantica - Coso Geothermal	Geothermal	10.0 MW	12/31/2041	6,050
Total[3]		**239.7** MW		**$ 86,953**

[1] All contracts are contingent on energy delivered from specific related generating facilities. The Electric Utility has no commitment to pay any amounts except for energy delivered on a monthly basis from these facilities except for any economic curtailments directed by the Electric Utility.

[2] This supply is only available to satisfy SB 859 requirements.

[3] American Renewable Power - Loyalton was excluded due to the contract expiring April 2023 and no capacity received.

Long-term renewable PPAs with expected delivery:

Supplier	Type	Maximum Contract[1]	Expected Delivery	Energy Delivery No Later Than	Contract Term In Years
Atlantica - Coso Geothermal	Geothermal	20.0 MW	01/01/2027	01/01/2027	15
Total		**20.0 MW**			

[1] All contracts are contingent on energy delivered from specific related generating facilities. The Electric Utility has no commitment to pay any amounts except for energy delivered on a monthly basis from these facilities except for any economic curtailments directed by the Electric Utility.

Cap-and-Trade Program

Assembly Bill (AB) 32, enacted in 2006, mandated that the California Air Resources Board (CARB) develop regulations for the reduction of greenhouse gas (GHG) emissions to the 1990 levels by the year 2020. Subsequently, Senate Bill (SB 32), enacted in 2016, extended the requirements of AB 32 and codified that it was the State's goal to reduce GHG emissions to 40% below 1990 levels by the year 2020. AB 398 was then enacted in 2017 clarifying that it was the State legislature's intent to continue the Cap-and-Trade Program and regulations until 2030. In January 2013, emission compliance obligations developed by CARB began under the Cap-and-Trade Program (Program). This Program requires electric utilities to have GHG allowances on an annual basis to offset GHG emissions associated with generating electricity. To ease the transition and mitigate the rate impacts to retail customers, CARB will allocate certain amounts of GHG allowances at no cost to electrical distribution utilities. The Electric Utility's free allocation of GHG allowances is expected to be sufficient to meet the Electric Utility's direct GHG compliance obligations.

At times, the Electric Utility may have allocated allowances in excess of its compliance obligations that can be sold into the CARB quarterly auctions. In fiscal year ended June 30, 2023, the Electric Utility received $18,317, in proceeds related to the sale of the GHG allowances which are included on the Statements of Revenues, Expenses, and Changes in Net Position as other operating revenue. The Electric Utility has established a restricted Regulatory Requirement reserve to comply with regulatory restrictions and governing requirements related to the use of the GHG proceeds. The available funds are to be utilized for qualifying projects, consistent with the goals of AB 32 to benefit the retail ratepayers. The balance in the Regulatory Requirement reserve was $21,707 as of June 30, 2023.

The Electric Utility also purchases GHG allowances which can be used in future periods for GHG compliance regulations. The balance of purchased GHG allowances was $485 as of June 30, 2023 and is recorded as inventory in the Statement of Net Position.

Low Carbon Fuel Standard Program

Assembly Bill (AB) 32, enacted in 2006, mandated that the California Air Resources Board (CARB) develop regulations for the reduction of greenhouse gas (GHG) emissions to the 1990 levels by the year 2020. Subsequently, Senate Bill (SB 32), enacted in 2016, extended the requirements of AB 32 and codified that it was the State's goal to reduce GHG emissions to 40% below

(amounts expressed in thousands)

1990 levels by the year 2020. Similar to the Cap-and-Trade Program, the Low Carbon Fuel Standard (LCFS) Program is a key component of the market mechanisms authorized by these bills to achieve the State's GHG emissions reduction goals. The LCFS regulation was initially approved by CARB in 2009. The program then underwent some litigation in the State of California and the regulation was re-adopted in 2015 with modifications and went into effect in 2016. LCFS seeks to reduce the carbon intensity (CI) of fuels used for transportation by establishing an annual CI target. Fuels that have a CI greater than the target have a compliance obligation and are required to turn in LCFS credits; fuels with a CI lower than the target may generate credits.

Electricity is considered a fuel subject to the program when it is used as a transportation fuel in electric vehicles. However, because the CI of electricity is substantially lower than the annual CI targets under the program, electricity is a fuel that generates LCFS credits and participation in the Program is voluntary. The City opted into the LCFS program in March 2018 and began generating LCFS credits for the first quarter of 2018. These credits are associated with two sources – unmetered electricity used to charge residents' electric vehicles at their homes (residential base credits) and from electric forklifts charging at private businesses (forklift credits). CARB calculates the credits that the Electric Utility receives, and the Electric Utility submits reports quarterly to receive the credits.

The LCFS regulation was amended in 2018 and required that electric utilities that have opted into the LCFS Program participate in and manage a statewide point-of-sale rebate program for new electric vehicles. This program is called the California Clean Fuel Reward Program (CFR) and the City joined the program in May 2020. To fund the program, electric utilities are required to contribute proceeds received from the sales of residential base credits beginning with the credits the Electric Utility received in Q4 2019 (generated from electricity used for transportation in Q2 2019). Residential base credits the Electric Utility received prior to that time are not subject to the contribution requirements. Additionally, a "start-up" contribution from proceeds is required to be submitted by January 31, 2021. After the initial deposit of funds in November 2020, deposits to the CFR program are required by March 31 annually.

In fiscal year ended June 30, 2023, the Electric Utility's proceeds from the sale of LCFS credits were $683. These proceeds are included on the Statements of Revenues, Expenses and Changes in Net Position as other operating revenue. The Electric Utility has established a restricted Regulatory Requirement reserve to comply with regulatory restrictions and governing requirements related to the use of the LCFS proceeds. The available funds are to be utilized for qualifying programs that support the Electric Utility's customers who are existing and future electric vehicle owners. Total expenses for qualifying programs as of June 30, 2023 was $194. The balance in the Regulatory Requirement reserve as of June 30, 2023 was $3,795.

Note 15. Other Post-Employment Benefits (OPEB)

Plan description - The City's defined benefit OPEB plan, Retiree Health Plan, provides continuation of medical (including prescription drugs) and dental coverage benefits to retirees and surviving spouses in the form of an implied rate subsidy. The Retiree Health Benefits plan is a single employer defined benefit OPEB plan administered by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided - Eligibility for continuation of coverage requires retirement from the City and CalPERS with at least 5 years of City service. The retiree is responsible for 100% of the premium cost for coverage, which is based on the blended experience of both the active and retired employees. The City is not required by law or contractual agreement to provide funding other than the pay-as-you-go amount necessary to provide current benefit to eligible retirees and beneficiaries. Retiree and spousal coverage terminate when the retirees become covered under another employer health plan, or when the retiree reaches Medicare eligibility age, which is currently age 65. However, retiree benefit continues to the surviving spouse if the retiree elects the CalPERS survivor annuity.

Employees covered by benefit terms – At June 30, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	206
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	2,014
Total	**2,220**

Significant Actuarial Assumptions Used in Calculating the Total OPEB Liability

The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

(amounts expressed in thousands)

Valuation Date:	June 30, 2021
Measurement Date:	June 30, 2022
Funding Policy:	Pay-as-you-go for implicit rate subsidy
Discount Rate:	3.54% per year net of expenses. This is based on the Bond Buyer 20 Bond Index
Inflation Rate:	2.5% per annum
Salary Inflation:	2.75% per annum
Salary Increases:	Since benefits do not depend on salary (as they do for pensions), this assumption is only used to determine the accrual pattern of the Actuarial Present Value of Projected Benefit Payments
Mortality:	Based on the CalPERS 2017 Experience Study

Sensitivity analysis of total OPEB liability for healthcare cost trend rates.

The following presents the total net OPEB liability, calculating using the healthcare cost trend rate of 4.0%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (3.0%) or 1-percentage-point higher (5.0%) than the current rate:

	1% Decrease 3%	Current Healthcare Cost Trend Rate 4%	1% Increase 5%
Total OPEB liability	$ 39,878	$ 45,471	$ 51,830

Sensitivity analysis of total OPEB liability for discount rates

The following presents the total OPEB liability, calculating using the discount rate of 3.54%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	$ 49,839	$ 45,471	$ 42,384

Change in total OPEB liability

For fiscal year 2023, the City recognized total OPEB expense of $2,285. The liability for the governmental activities is primarily liquidated from the General Fund. The following table shows the change in the total OPEB liability for the year ended June 30, 2023:

	2023
Beginning total OPEB liability	$ 48,770
Service cost	3,184
Interest	1,070
Changes of assumptions	(5,926)
Benefit of implied subsidy payments	(1,627)
Net changes	**(3,299)**
Ending total OPEB liability	**$ 45,471**

Deferred outflows/inflows of resources

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 1,836	$ -
Differences between expected and actual experience	163	3,410
Changes of assumptions	6,788	8,501
Total	**$ 8,787**	**$ 11,911**

Amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (134)
2025	(134)
2026	74
2027	113
2028	113
Thereafter	(4,992)
Total	**$ (4,960)**

Note 16. City Employees Retirement Plan

(A) Plan Description - The City of Riverside contributes to the California Public Employees Retirement System (CalPERS), an agent multiple employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. A copy of CalPERS' annual financial report may be obtained online at www.calpersca.gov.

(B) Funding Policy - The City has contributed at the actuarially determined rate provided by CalPERS' actuaries. Participants are required to contribute various percentages for miscellaneous employees and for safety employees of their annual covered salary based on their Tier. The City has a multiple tier retirement plan with benefits varying by plan. The City pays the employees' contributions to CalPERS for both miscellaneous and safety employees hired on or before specific dates as follows:

Safety (Police):

- 1st Tier (RPOA, RPOA Supervisory & RPAA Management) - The retirement formula is 3% at age 50 for employees hired on or before February 16, 2012 (RPOA, RPAA Management) or June 8, 2012 (RPOA Supervisory). Effective January 1, 2018, employees were required to pay 1.5% of their pensionable income, with the City contributing the other 7.5%. Only in the event that annual wages increase in excess of 2%, will the following apply: Effective January 1, 2019, employees were required to pay an additional portion of their pensionable income. This portion is a three-year increase of 1.5% (2019), 1.5% (2020) and 1.5% (2021). However, the 2021 increase did not take affect. In 2023, RPAA Management had an additional 1% increase and employees are contributing 5.5% pensionable income. RPOA and RPOA Supervisory remained at 4.5% contribution of pensionable income.

- 2nd Tier (RPOA, RPOA Supervisory & RPAA Management) - The retirement formula is 3% at age 50 for RPOA and RPAA Management employees hired on or after February 17, 2012 and RPOA Supervisory employees hired on or after June 8, 2012 pay their share (9%) of contributions.

- 3rd Tier (RPOA, RPOA Supervisory & RPAA) – The retirement formula is 2.7% at age 57 for new members hired on or after January 1, 2013 and the employee must pay the normal cost to CalPERS which is currently at 12.75%. Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

Safety (Fire):

- 1st Tier - The retirement formula is 3% at age 50 for employees hired before June 11, 2011. Effective January 1, 2019, employees were required to pay a portion of their pensionable income. This portion is a three-year increase of 2.5% (2019), 2.5% (2020) and 3% (2021). However, the 2021 increase was only 2% with the remaining 1% increase in 2022; therefore, in 2022, employees are contributing 8% of their pensionable income.

- 2nd Tier - The retirement formula is 3% at age 55 and new employees hired on or after June 11, 2011 pay their share (9%) of contributions.

- 3rd Tier – The retirement formula is 2.7% at age 57 for new members hired on or after January 1, 2013. A new member, as defined by the Public Employees' Pension Reform Act (PEPRA), hired on or after January 1, 2013 pay 50% of the normal cost to CalPERS which is currently 12.75% of compensation.

Miscellaneous:

- 1st Tier –
  - The retirement formula is 2.7% at age 55 for employees hired on or before October 18, 2011. Effective January 1, 2018 for unrepresented employees (Sr. Management, Management, Professional, Para-professional, Supervisory, Confidential, and Executive units, excluding the Chief of Police and the Fire Chief), the employees were required to pay 2% of their pensionable income, with the City contributing the other 6%. Effective January 1, 2019, employees were required to pay an additional portion of their

pensionable income. This portion is a three-year increase of 2% (2019), 2% (2020) and 2% (2021). As of 2021, employees were contributing the entire 8% of their pensionable income.

  - The retirement formula is 2.7% at age 55 for SEIU and SEIU Refuse employees hired before June 7, 2011. Currently, employees are required to pay 7% of their pensionable income with the City contributing the other 1%. Effective January 1, 2019, employees were required to pay an additional portion of their pensionable income. This portion is a two-year increase of 1% (2019) and 1% (2020). As of 2020, employees are contributing the entire 8% of their pensionable income.
  - The retirement formula is 2.7% at age 55 for IBEW and IBEW Supervisory employees hired on or before October 18, 2011. Effective November 1, 2017 employees were required to pay 2% of their total pensionable income with the City paying the remaining 6%. Effective each November 1st, employees will be required to pay an additional portion of their pensionable income. This portion is a three-year increase of 2% (2018), 2% (2019) and 2% (2020). As of November 2020, employees are contributing the entire 8% of their pensionable income.
- 2nd Tier - The retirement formula is 2.7% at age 55, and:
  - Miscellaneous employees, IBEW, and IBEW Supervisory hired on or after October 19, 2011 pay their share (8%) of contributions.
  - SEIU and SEIU Refuse employees hired on or after June 7, 2011 pay their share (8%) of contributions.
- 3rd Tier – The retirement formula is 2% at age 62 for new members hired on or after January 1, 2013 and the employee must pay the normal cost to CalPERS which is currently at 7.75%. Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

The contribution requirements of plan members and the City are established and may be amended by CalPERS.

(C) Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit Level III, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

(D) Employees Covered - At June 30, 2022, the following employees were covered by the benefit terms of each Plan: Inactive employees or beneficiaries currently receiving benefits are 2,418 and 851 for the Miscellaneous and Safety Plans, respectively. Inactive employees entitled to but not yet receiving benefits are 1,475 and 205 for Miscellaneous and Safety Plans, respectively. Active employees were 1,527 and 564 for Miscellaneous and Safety Plans, respectively.

(E) Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

(F) Net Pension Liability - The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The liability for the governmental activities is primarily liquidated from the General Fund.

(amounts expressed in thousands)

A summary of principal assumptions and methods used to determine the net pension liability is shown below. Actuarial Assumptions – The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Salary Increase	Varies by Entry Age and Service	
Mortality Rate Table[1]	Derived using CALPERS' membership data for all funds	
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter	

[1] The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Long-term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class[1]	Assumed Asset Allocation	Real Return[1,2]
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00)%	(0.59)%

[1] An expected inflation of 2.30% used for this period

[2] Figures are based on the 2021 Asset Liability Management Study

Discount Rate - The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Assumptions – Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

(amounts expressed in thousands)

(G) Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan follows:

Miscellaneous

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/(Asset)**
Balance at June 30, 2021	$ 1,549,563	$ 1,638,246	$ (88,683)
Changes recognized for the measurement period:			
Service cost	27,830	-	27,830
Interest on total pension liability	105,283	-	105,283
Changes of Assumptions	19,686	-	19,686
Differences between expected and actual experience	(17,684)	-	(17,684)
Contributions - employer	-	27,329	(27,329)
Contributions - employees	-	10,788	(10,788)
Net investment income	-	(122,366)	122,366
Benefit payments, including refunds of employee contributions	(79,265)	(79,265)	-
Administrative expenses	-	(1,020)	1,020
Net changes	**55,850**	**(164,534)**	**220,384**
Balance at June 30,2022	**$ 1,605,413**	**$ 1,473,712**	**$ 131,701**

Safety

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/(Asset)**
Balance at June 30, 2021	$ 1,250,329	$ 1,301,939	$ (51,610)
Changes recognized for the measurement period:			
Service cost	25,734	-	25,734
Interest on total pension liability	87,761	-	87,761
Changes of Assumptions	43,994	-	43,994
Differences between expected and actual experience	(3,506)	-	(3,506)
Contributions - employer	-	24,810	(24,810)
Contributions - employees	-	10,557	(10,557)
Net investment income	-	(97,579)	97,579
Benefit payments, including refunds of employee contributions	(63,558)	(63,558)	-
Administrative expenses	-	(812)	812
Net changes	**90,425**	**(126,582)**	**217,007**
Balance at June 30,2022	**$ 1,340,754**	**$ 1,175,357**	**$ 165,397**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Miscellaneous

	Discount Rate -1% (5.90%)	**Current Discount Rate (6.90%)**	**Discount Rate +1% (7.90%)**
Plan's net pension liability/(asset)	$ 350,680	$ 131,701	$ (48,111)

Safety

	Discount Rate -1% (5.90%)	**Current Discount Rate (6.90%)**	**Discount Rate +1% (7.90%)**
Plan's net pension liability/(asset)	$ 349,445	$ 165,397	$ 14,687

(amounts expressed in thousands)

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

(H) Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions.

For the year ended June 30, 2023, the City recognized pension expense/(credit) of $(4,303) to Miscellaneous and $12,821 to Safety for a total of $8,518. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Pension contributions subsequent to measurement date, net	$ 29,144	$ -
Changes of assumptions	13,534	-
Differences between expected and actual experience	893	(12,158)
Net differences between projected and actual earnings on plan investments	75,156	-
Total	**$ 118,727**	**$ (12,158)**

Safety	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Pension contributions subsequent to measurement date, net	$ 26,195	$ -
Changes of assumptions	33,763	-
Differences between expected and actual experience	7,320	(2,691)
Net differences between projected and actual earnings on plan investments	60,326	-
Total	**$ 127,604**	**$ (2,691)**

The $55,339 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

Amortization of Deferred Outflows and Deferred Inflows of Resources - Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The remaining amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year	**Miscellaneous**	**Safety**
2024	$ 13,763	$ 24,201
2025	11,797	20,530
2026	5,097	13,884
2027	46,768	40,103
Total	**77,425**	**98,718**

Events Subsequent to Actuarial Valuation Date - On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

(amounts expressed in thousands)

Note 17. Other Long-Term Obligations

Changes in Long-Term Obligations

Below is a summary of changes in long-term obligations during the fiscal year for the former Redevelopment Agency, which is accounted for in the Successor Agency Trust Fund (a fiduciary fund):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease revenue bonds	$ 9,350	$ -	$ (2,447)	$ 6,903	$ 2,556
Tax allocation bonds	165,342	-	(5,813)	159,529	10,280
Direct borrowings:					
Notes payable	3,918	-	-	3,918	38
	$ 178,610	$ -	$ (8,260)	$ 170,350	$ 12,874

Lease Revenue Bonds - Successor Agency:	Principal Outstanding
$26,255 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series A are secured by lease payments made by the State of Califronia Department of General Services for the California Tower office building; 2% to 5% due in annual installments from $545 to $2,230 through October 1, 2024. The bonds are subject to acceleration under the Trust Agreement upon the occurrence of an event of default and with the consent of the Insurer. There is no remedy of acceleration of the total Base Rental over the term of the Lease.	$ 4,315
$4,810 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series B are secured by lease payments made by the State of California Department of General Services for the California Tower office building; $310 serial bonds 1.20% to 1.42% through October 1, 2004; $620 term bonds at 3.090% due October 1, 2008; $1,110 term bonds at 4.340% due October 1, 2014 and $2,770 term bonds at 5.480% due October 1, 2024. The bonds are subject to acceleration under the Trust Agreement upon the occurrence of an event of default and with the consent of the Insurer. There is no remedy of acceleration of the total Base Rental over the term of the Lease.	680
In 2019, the 2012A Lease Revenue Refunding bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency to properly reflect their proportional share.	
$41,240 Lease Revenue Refunding Bonds, Series 2012A. The bonds are secured by lease payments on a portion of the City Hall Complex and the Lincoln Police Patrol Center. The bonds were issued to refinance the 2003 Certificates of Participation. Interest on the bonds is payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2013. The rate of interest varies from 2% to 5% per annum depending on maturity date. Principal is payable in annual installments ranging from $1,295 to $2,840 commencing November 1, 2013 and ending November 1, 2033. In the event of default, the Trustee may retain the Lease Agreement and hold the City liable for all Base Rental Payments on an annual basis. The rental payments may not be accelerated. $2,415 relates to the Successor Agency.	1,808
Subtotal	**6,803**
Add: Unamortized bond premium	100
Total lease revenue bonds	**$ 6,903**

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

(amounts expressed in thousands)

Fiscal Year	Principal	Interest	Total
2024	$ 2,556	$ 267	$ 2,823
2025	2,717	135	2,852
2026	141	64	205
2027	147	58	205
2028	154	51	205
2029-2033	888	135	1,023
2034-2038	200	4	204
Premium	100	-	100
Total	**$ 6,903**	**$ 714**	**$ 7,617**

Tax Allocation Bonds - Successor Agency:	**Principal Outstanding**
$62,980 Subordinate Tax Allocation Refunding Bonds (2014 Series A and B). The bonds were issued to refund certain obligations of the former Redevelopment Agency of the City of Riverside. Interest is due semi-annually on March 1 and September 1, commencing March 1, 2015. Principal is due in annual installments from $160 to $4,745 through September 1, 2034. The rate of interest varies from 0.6% to 5% per annum.	$ 28,410
$114,815 2018 Tax Allocation Refunding Bonds (Series A and B). The bonds were issued to refund the 2007 Riverside Public Financing Authority Redevelopment Agency Tax Allocation Bonds (Series A, B, C and D). Principal is payable in annual installments from $140 to $9,180 through September 1, 2037. The rate of interest varies from 3.125% to 5% per annum. The refunding transaction resulted in a total net present value savings of $20,000.	114,675
Subtotal	**143,085**
Add: Unamortized bond premium	16,444
Total tax allocation bonds	**$ 159,529**

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

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

Fiscal Year	Principal	Interest	Total
2024	$ 10,280	$ 6,450	$ 16,730
2025	10,690	5,928	16,618
2026	10,795	5,392	16,187
2027	11,135	4,844	15,979
2028	10,230	4,317	14,547
2029-2033	47,365	14,112	61,477
2034-2038	42,590	4,054	46,644
Premium	16,444	-	16,444
Total	**$ 159,529**	**$ 45,097**	**$ 204,626**

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

(amounts expressed in thousands)

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

Fiscal Year	Principal	Interest	Total
2024	$ 38	$ 304	$ 342
2025	42	300	342
2026	46	295	341
2027	51	291	342
2028	57	285	342
2029-2033	385	1,323	1,708
2034-2038	636	1,074	1,710
2039-2043	1,048	661	1,709
2044-2048	1,615	1,025	2,640
Total	**$ 3,918**	**$ 5,558**	**$ 9,476**

Assessment Districts and Community Facilities Districts Bonds (Not obligations of the City):

As of June 30, 2023, the City has several series of Assessment District and Community Facility District Bonds outstanding in the amount of $38,980. Bonds were issued for improvements in certain districts and are long-term obligations of the property owners. The City's only limited commitment on these obligations is that the City Treasurer act as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if applicable. Since the debt does not constitute an obligation of the City, it is not reflected as a long-term obligation of the City and is not reflected in the government-wide financial statements.

Note 18. Interfund Assets, Liabilities and Transfers

Due From/To Other Funds: These balances resulted from expenditures being incurred prior to receipt of the related revenue source.

The following table shows amounts receivable/payable between funds within the City at June 30, 2023:

Receivable Funds	Payable Funds	Amount
General Fund	Non-Major Governmental Funds	$ 1,021
	Internal Service Funds	645
Total		**$ 1,666**

Advances To/From Other Funds: These balances consist of advances used to fund capital projects in advance of related financing/assessments and for other long-term borrowing purposes.

The following table shows amounts advanced from funds within the City to other funds within the City at June 30, 2023:

Receivable Funds	Payable Funds	Amount
Sewer	General Debt Service Fund	$ 1,131

In addition, the following advances to the former Redevelopment Agency are accounted for in the Private-Purpose Trust Fund of the Successor Agency:

Receivable Funds	Amount
Electric	$ 2,003

Transfers In/Out: Transfers are primarily used to (1) move revenues to the fund that statute or budget requires to expend them, and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

The following table shows amounts transferred to/from funds within the City for the year ended June 30, 2023:

(amounts expressed in thousands)

Transfers in Funds	Transfers Out Funds	Amount
General Fund	General Debt Service Fund	$ 584
	Non-Major Governmental Funds	16,149
	Electric Fund	42,326
	Water Fund	8,170
		67,229
Capital Outlay Fund	General Fund	37,900
	Non-Major Enterprise Funds	215
		38,115
General Debt Service Fund	General Fund	43,171
	Capital Outlay Fund	2,999
	Non-Major Governmental Funds	1,958
		48,128
Non-Major Governmental Funds	General Fund	**1,635**
	Capital Outlay Fund	149
		1,784
Non-Major Enterprise Funds	General Fund	17,575
	Non-Major Governmental Funds	7,500
		25,075
	Total	**$ 180,331**

Note 19. Deficit Net Position

Deficit net position exists in the non-major enterprise fund, Transportation $(1,429). The deficit is primarily due to the net pension and OPEB liabilities.

Deficit net position exists in the Self-Insurance Internal Service Fund $(24,729). This City adopted a Self-Insurance Reserve Policy that addresses the on-going deficit in fund balance. In the past, the City began funding a portion of the deficit in the internal service fund via self-insurance rate increases phased in over several years. However, the increases continue to be offset by unusually large losses incurred during the year combined with an adjustment for the increase in the amount estimated for claims and judgments. Management believes that there are sufficient funds on hand to cover current payment obligations and plans to continue to control costs and increase rates, as needed.

Deficit net position exists in the Successor Agency Private-Purpose Trust Fund $(124,004). The deficit in the Successor Agency Trust Fund will be reduced over the years as the related debt is paid-off with funds received from the Redevelopment Property Tax Trust Fund (RPTTF), which is administered by the County Auditor-Controller.

Note 20. Contruction Commitments

As of June 30, 2023, the Electric Utility had commitments (encumbrances) of approximately $25,674 with respect to ongoing capital projects, of which $16,623 is expected to be funded by bonds, $7,676 to be funded by unrestricted cash reserves, and $1,375 to be funded by restricted cash reserves.

Note 21. Forward Purchase/Sale Agreements

In order to meet seasonal energy needs and summer peaking requirements, the Electric Utility contracts on a monthly and/or quarterly basis for the purchase or sale of natural gas, electricity and/or capacity products on a one to four year forward horizon. As of June 30, 2023, the Electric Utility has net natural gas and electricity commitments for fiscal year 2024 and thereafter, of approximately $112,355, with a market value of $112,807.

Note 22. Economic Contingency

A portion of fund balance has been committed within the General Fund and Measure Z fund for future economic contingencies. The amount that has been set aside for the General Fund is $65,500 which equals to approximately 20% of the 2023-2024 General Fund adopted expenditure budget plus appropriation adjustments. For the General Fund Measure Z Fund, $5,000 has been set aside.

Note 23. Litigation

The City is a defendant in various lawsuits arising in the normal course of business. Present lawsuits and other claims against the City are incidental to the ordinary course of operations and are largely covered by the City’s self-insurance program. In the opinion of management and the City Attorney, such claims and litigation will not have a materially adverse effect upon the financial position or results of operation of the City.

Note 24. Tax Abatements

In November 2012, the City entered into a tax sharing agreement with a local business to incentivize an expansion of their facility. Assistance is provided in the form of a rebate of sales and property taxes over fifteen years in an amount not to exceed $4,500. The agreement expires on the earlier of: 1) total cumulative tax rebate of $4,500; or 2) fifteen years in fiscal 2027-28.

Incremental Sales Tax Revenue can be generated from sales, over the fiscal 2011-12 base period, reported to the State Board of Equalization at the business site and from third party vendor transactions occurring using the business site as the point of sale. Incremental Property Tax Revenue is generated from the increase in County assessed valuation over the 2012-13 base period values, for the parcels designated in the agreement. For parcels acquired after 2012-13 in the project area, the acquisition price will become its base year valuation. The initial 2012-13 base year assessed valuation is $114,293 and has been adjusted to $125,043 for the parcels acquired in 2014-15. The business is due 100% of the incremental Property tax revenue due to the City from the project area tax rate. It is calculated as 11% of the value determined from taking 1% of the difference of current net assessed valuation over the adjusted base valuation. The cumulative rebate payment as of June 30, 2023 is $1,664.

Note 25. Subsequent Events

Parada II Litigation

On September 12, 2018, a petition for writ of mandate entitled *Parada v. City of Riverside* (“*Parada II*”) was filed against the City seeking to invalidate, rescind and void, under Proposition 26, the Electric System’s rates approved by City Council on May 22, 2018, which took effect on January 1, 2019, by challenging the portion of the electric rates that are attributable to the General Fund. The petition did not seek any monetary relief from the General Fund. The trial court divided the case into two stages for hearings: a liability phase and a damages phase. On April 17, 2020, the Court in the liability phase of Parada II litigation entered a tentative ruling finding the City’s electric rates attributable to the General Fund transfer violate Article XIII C of the California Constitution. The formal hearing on the matter took place on June 5, 2020, but the Court asked for further briefing on the issue of whether or not the plaintiffs failed to exhaust their administrative remedies. On October 9, 2020, the Court confirmed its tentative ruling and entered an order denying the City’s request for interlocutory remand. The court had set a hearing for February 24, 2021, to set a briefing schedule for determining appropriate remedies /damages in the case. The City expected the second phase of the trial relating to plaintiffs’ available remedies to occur in the second quarter of 2021.

The ruling by the Court in Parada II was anticipated to likely have a material adverse impact on the City’s General Fund. The General Fund receives approximately $40 million annually (up to the maximum amount of 11.5% of Electric Fund revenues) from the Electric Fund. Based on the Court’s order in the liability phase of the trial, approximately $19-32 million of the General Fund transfer is potentially attributable to rate payer revenue that was not approved by the voters. However, that amount will be determined during the damages phase of the trial. Additionally, the City might have been required to refund rate payers for the portions of the rates that were determined to violate Article XIII C of the California Constitution from the date the writ of mandate was filed. However, the trial court did not issue any ruling as to what the amount of any damages would be.

Based on the Court’s order in the liability phase of the trial, the City estimated that the amount of a refund would be $19 to $32 million per year, beginning January 1, 2019, until date of settlement or issuance of a final, non-appealable judgment by the trial court after anticipated appeals are resolved. This amount could vary depending upon whether or not the City decides to repeal and replace the challenged rates pending appeal.

On May 17, 2021, the City and the Paradas entered into a conditional settlement agreement. This settlement was conditioned on: (1) the Riverside City Council’s placement of a ballot measure on City ballots in November 2021 to approve the City’s General Fund Transfer practices as a general tax (“Ballot Measure”); and (2) voter approval of the Ballot Measure. The Riverside City Council placed the Ballot Measure on the ballot for the November 2, 2021 election. The Parties stayed the Parada lawsuit until certification of the results of the Ballot Measure. If voters approved the Ballot Measure, the City would refund to customers of its electric utility an amount equal to $24 million less the amount awarded to Plaintiffs’ counsel in fees, paid over a five year period beginning no later than February 1, 2022. If voters did not approve the Ballot Measure, this litigation would then resume.

On or about September 16, 2021, a petition for writ of mandate entitled *Riversiders Against Increased Taxes v. City of Riverside, et al.* (“RAIT lawsuit”) was filed against the City challenging the Ballot Measure on the grounds that the Ballot Measure cannot be adopted at the November 2021 election because that election is a “special” election and under Proposition 218, a ballot measure to impose a general tax can only be submitted to voters at a general election. On November 9, 2021, the court set a trial date for the RAIT lawsuit for January 7, 2022 and ordered a stay of the certification of the Ballot Measure Election results pending the January 7th hearing but did not otherwise delay or cancel the election for the Ballot Measure.

(amounts expressed in thousands)

The election was held on November 2, 2021, and the Measure C was approved by voters, with 54.52 percent voting in favor.

On April 26, 2022 the RAIT lawsuit trial court determined that the November 2021 election was a “special election” rather than a “general election” and therefore did not comply with Proposition 218. The RAIT lawsuit trial court further ruled that it lacked power to enjoin the certification of election results or to otherwise invalidate the election. Both sides have since appealed that ruling. The case has been fully briefed and the parties are awaiting a date for oral argument.

On May 12, 2022, the City and the Paradas amended the May 17, 2021 Settlement Agreement, with the following additional terms: (a) City agreed to start making refunds to ratepayers by October 1, 2022; (b) if the City prevailed in the appeal of the trial court’s decision in the RAIT lawsuit, no additional refund would be due to the ratepayers; (c) if the City did not prevail in the appeal of the trial court’s decision in the RAIT lawsuit, an additional refund would be implemented in the amount of $705,882 per month, from November, 2021 up to when the City either (i) sets new electric rates; (ii) voters approve a valid ballot measure for the GFT or (iii) the City otherwise stops collecting the electric GFT. The Parada lawsuit was dismissed on May 13, 2022.

The City Council adopted a resolution certifying the results of the Measure C election on July 19, 2022. The plaintiffs from the RAIT lawsuit sought to intervene in the Parada lawsuit and set aside this dismissal. On August 3, 2022, the Parada trial court refused to set aside the dismissal. The City has now begun to implement the settlement agreement.

Simpson v. City of Riverside

On December 19, 2019, a class action lawsuit entitled *Simpson v. City of Riverside* was filed against the City alleging that the City is overcharging customers for water utility service in violation of Article XIIID, Section 6 of the California Constitution, on the grounds that the City is transferring 11.5% of water utility revenues to the City’s general fund. The transfer, also known as the “General Fund Transfer”, was approved by voters on June 4, 2013, as a general tax. The plaintiff is seeking refunds for all customers for monies collected in violation and also that the court set aside the voter’s 2013 approval of the General Fund Transfer. The trial was bifurcated into two phases, liability and damages.

The Court issued its ruling on the liability phase on August 17, 2023, finding that the City’s water rates violated Article XIID, Section 6 of the California Constitution because they were set in an amount sufficient to recover the General Fund Transfer. A trial date of April 3, 2024 has been set for the second phase of the trial regarding damages.

Rate Plan Increases

On September 19, 2023, the City Council approved new 5-year rate plans for the Electric, Water, and Refuse Funds. The rate increases will enhance the financial stability of each of the enterprise funds, supporting increases in operational costs as well as investment in capital infrastructure. In conjunction with the adoption of the water rate plan, the City Council directed that all future Water General Fund Transfer collections be placed in a reserve account pending the outcome of pending litigation (refer to Simpson v. City of Riverside). Staff will consider the impact of the approximate $8.5 million annual loss of revenue in the General Fund during the development of the next biennial budget.

Replacement of London Interbank Offered Rate (LIBOR)

As of July 1, 2023, LIBOR is no longer an appropriate benchmark interest rate for a derivative instrument that hedges the interest risk for taxable debt for purposes of GASB Statement 53.

Note 26. Prior Period Adjustment

The Custodial Fund beginning net position has been restated to reflect the cash and investment balances in the fund as due to bond holders. Upon termination of the custodial relationship, the cash and investment balances will be released to bondholders.

	June 30, 2022 as Previously Reported	Changes in Accounting Principle	June 30, 2022 as Restated
Custodial Fund	$ 13,834	$ (9,837)	$ 3,997

CITY OF
RIVERSIDE

Required Supplementary Information

Consists of the following:

- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Pension Plan Contributions
- Schedule of Changes in Total OPEB Liability and Related Ratios

CITY OF RIVERSIDE
MISCELLANEOUS PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)
(amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service cost	$ 23,320	$ 22,228	$ 22,189	$ 24,766	$ 25,117	$ 25,017	$ 25,919	$ 26,168	$ 27,830
Interest on total pension liability	84,965	87,436	90,913	92,725	92,595	96,836	101,080	105,017	105,283
Changes in assumptions	-	(23,548)	(8,417)	(26,068)	(19,805)	-	-	-	19,686
Differences between expected and actual experience	-	(21,782)	-	79,037	(37,885)	6,927	6,220	873	(17,684)
Benefit payments, including refunds of employee contributions	(50,770)	(53,853)	(57,702)	(60,108)	(63,483)	(67,073)	(71,266)	(74,608)	(79,265)
Net change in total pension liability	**57,515**	**10,481**	**46,983**	**110,352**	**(3,461)**	**61,707**	**61,953**	**57,450**	**55,850**
Total pension liability - beginning	**1,146,583**	**1,204,098**	**1,214,579**	**1,261,562**	**1,371,914**	**1,368,453**	**1,430,160**	**1,492,113**	**1,549,563**
Total pension liability - ending (a)	**$ 1,204,098**	**$ 1,214,579**	**$ 1,261,562**	**$ 1,371,914**	**$ 1,368,453**	**$ 1,430,160**	**$ 1,492,113**	**$ 1,549,563**	**$ 1,605,413**
Plan Fiduciary Net Position									
Net Plan to Plan Resource Movement	-	-	-	-	-	-	-	(1)	-
Contributions - employer	$ 27,583	$ 25,996	$ 29,426	$ 30,477	$ 29,920	$ 34,627	$ 239,156	$ 26,274	$ 27,329
Contributions - employees	2,294	4,380	5,187	6,115	9,749	10,286	10,957	10,358	10,788
Net investment income	145,843	21,671	4,958	104,771	86,307	71,046	56,837	305,548	(122,366)
Benefit payments, including refunds of employee contributions	(50,770)	(53,853)	(57,702)	(60,108)	(63,483)	(67,073)	(71,266)	(74,608)	(79,265)
Administrative and other income/(expenses)	-	(1,056)	(594)	(1,290)	(4,664)	(776)	(1,604)	(1,371)	(1,020)
Net change in fiduciary net position	**124,950**	**(2,862)**	**(18,725)**	**79,965**	**57,829**	**48,110**	**234,080**	**266,200**	**(164,534)**
Plan fiduciary net position - beginning	**848,699**	**973,649**	**970,787**	**952,062**	**1,032,027**	**1,089,856**	**1,137,966**	**1,372,046**	**1,638,246**
Plan fiduciary net position - ending (b)	**$ 973,649**	**$ 970,787**	**$ 952,062**	**$ 1,032,027**	**$ 1,089,856**	**$ 1,137,966**	**$ 1,372,046**	**$ 1,638,246**	**$ 1,473,712**
Plan net pension liability/(assets) - ending (a) - (b)	**$ 230,449**	**$ 243,792**	**$ 309,500**	**$ 339,887**	**$ 278,597**	**$ 292,194**	**$ 120,067**	**$ (88,683)**	**$ 131,701**
Plan fiduciary net position as a percentage of the total pension liability	**80.86 %**	**79.93 %**	**75.47 %**	**75.23 %**	**79.64 %**	**79.57 %**	**91.95 %**	**105.72 %**	**91.80 %**
Covered-employee payroll	**$ 109,990**	**$ 110,891**	**$ 118,512**	**$ 117,637**	**$ 121,957**	**$ 128,881**	**$ 131,492**	**$ 131,216**	**$ 130,060**
Plan net pension liability/(asset) as a percentage of covered-employee payroll	**209.52 %**	**219.85 %**	**261.15 %**	**288.93 %**	**228.44 %**	**226.72 %**	**91.31 %**	**(67.59)%**	**101.26 %**

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There was no changes in benefits.

Changes of Assumptions:

In fiscal year 2021-22, the discount rate was changed from 7.15 percent to 6.90 percent.

In fiscal year 2021-22, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions November 2021.

CITY OF RIVERSIDE
SAFETY PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)
(amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service cost	$ 18,818	$ 18,187	$ 18,144	$ 21,373	$ 20,390	$ 21,454	$ 22,391	$ 23,160	$ 25,734
Interest on total pension liability	62,249	64,815	67,513	70,337	73,104	76,922	80,940	84,654	87,761
Changes in assumptions	-	(6,835)	(4,373)	(18)	868	-	-	-	43,994
Differences between expected and actual experience	-	(16,117)	-	59,768	(4,644)	10,897	11,896	6,361	(3,506)
Benefit payments, including refunds of employee contributions	(38,981)	(42,076)	(44,609)	(47,009)	(50,477)	(52,564)	(56,537)	(59,739)	(63,558)
Net change in total pension liability	**42,086**	**17,974**	**36,675**	**104,451**	**39,241**	**56,709**	**58,690**	**54,436**	**90,425**
Total pension liability - beginning	**840,067**	**882,153**	**900,127**	**936,802**	**1,041,253**	**1,080,494**	**1,137,203**	**1,195,893**	**1,250,329**
Total pension liability - ending (a)	**$ 882,153**	**$ 900,127**	**$ 936,802**	**$ 1,041,253**	**$ 1,080,494**	**$ 1,137,203**	**$ 1,195,893**	**$ 1,250,329**	**$ 1,340,754**
Plan Fiduciary Net Position									
Net Plan to Plan Resource Movement	-	-	-	-	-	-	-	1	-
Contributions - employer	$ 23,156	$ 23,384	$ 26,483	$ 26,775	$ 25,451	$ 29,254	$ 263,061	$ 22,931	$ 24,810
Contributions - employees	365	924	1,837	2,449	6,402	7,679	9,454	10,492	10,557
Net investment income	107,032	15,632	3,478	76,844	62,933	51,750	41,765	242,945	(97,579)
Benefit payments, including refunds of employee contributions	(38,981)	(42,076)	(44,609)	(47,009)	(50,478)	(52,564)	(56,537)	(59,739)	(63,558)
Administrative and other income/(expenses)	-	(816)	(428)	(1,145)	(3,403)	(567)	(1,170)	(1,085)	(812)
Net change in fiduciary net position	**91,572**	**(2,952)**	**(13,239)**	**57,914**	**40,905**	**35,552**	**256,573**	**215,545**	**(126,582)**
Plan fiduciary net position - beginning	**620,069**	**711,641**	**708,689**	**695,450**	**753,364**	**794,269**	**829,821**	**1,086,394**	**1,301,939**
Plan fiduciary net position - ending (b)	**$ 711,641**	**$ 708,689**	**$ 695,450**	**$ 753,364**	**$ 794,269**	**$ 829,821**	**$ 1,086,394**	**$ 1,301,939**	**$ 1,175,357**
Plan net pension liability/(assets) - ending (a) - (b)	**$ 170,512**	**$ 191,438**	**$ 241,352**	**$ 287,889**	**$ 286,225**	**$ 307,382**	**$ 109,499**	**$ (51,610)**	**$ 165,397**
Plan fiduciary net position as a percentage of the total pension liability	**80.67 %**	**78.73 %**	**74.24 %**	**72.35 %**	**73.51 %**	**72.97 %**	**90.84 %**	**104.13 %**	**87.66 %**
Covered-employee payroll	**$ 63,734**	**$ 63,612**	**$ 68,707**	**$ 66,226**	**$ 68,251**	**$ 73,237**	**$ 76,955**	**$ 78,813**	**$ 77,338**
Plan net pension liability/(asset) as a percentage of covered-employee payroll	**267.54 %**	**300.95 %**	**351.28 %**	**434.71 %**	**419.37 %**	**419.71 %**	**142.29 %**	**(65.48)%**	**213.86 %**

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2015 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There was no changes in benefits.

Changes of Assumptions:

In fiscal year 2021-22, the discount rate was changed from 7.15 percent to 6.90 percent.

In fiscal year 2021-22, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions November 2021.

CITY OF RIVERSIDE
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)
(amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Miscellaneous Plan										
Actuarially determined contribution	$ 20,505	$ 21,063	$ 24,885	$ 26,955	$ 29,948	$ 34,486	$ 38,889	$ 26,274	$ 27,330	$ 29,144
Contribution in relation to the actuarially determined contribution	(27,584)	(25,997)	(29,426)	(30,477)	(29,948)	(34,486)	(239,220)	(26,274)	(27,330)	(29,144)
Contribution deficiency/(excess)	**$ (7,079)**	**$ (4,934)**	**$ (4,541)**	**$ (3,522)**	**$ -**	**$ -**	**$ (200,331)**	**$ -**	**$ -**	**$ -**
Covered-employee payroll	$ 109,990	$ 110,891	$ 118,512	$ 117,637	$ 121,957	$ 128,881	$ 131,492	$ 131,216	$ 130,060	$ 142,170
Contributions as a percentage of covered-employee payroll	25.08 %	23.44 %	24.83 %	25.91 %	24.56 %	26.76 %	181.93 %	20.02 %	21.01 %	20.50 %
Safety Plan										
Actuarially determined contribution	$ 17,341	$ 18,452	$ 21,886	$ 23,076	$ 25,289	$ 29,047	$ 32,785	$ 22,925	$ 24,773	$ 26,195
Contribution in relation to the actuarially determined contribution	(23,156)	(23,384)	(26,483)	(26,775)	(25,289)	(29,047)	(263,016)	(22,925)	(24,773)	(26,195)
Contribution deficiency/(excess)	**$ (5,815)**	**$ (4,932)**	**$ (4,597)**	**$ (3,699)**	**$ -**	**$ -**	**$ (230,231)**	**$ -**	**$ -**	**$ -**
Covered-employee payroll	$ 63,734	$ 63,612	$ 68,707	$ 66,226	$ 68,251	$ 73,237	$ 76,955	$ 78,813	$ 77,338	$ 77,810
Contributions as a percentage of covered-employee payroll	36.33 %	36.76 %	38.54 %	40.43 %	37.05 %	39.66 %	341.78 %	29.09 %	32.03 %	33.67 %

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation.

Notes to Schedule:

Actuarial valuation date:	June 30, 2020
Actuarial cost method:	Entry Age Normal
Amortization method/period:	June 30, 2020 CalPERS Funding Valuation Report
Asset valuation method:	Fair value of assets
Discount rate:	7.0%
Overall payroll growth:	2.75%
Inflation:	2.5%
Retirement age:	2017 CalPERS experience study
Mortality:	2017 CalPERS Experience Study, with ongoing improvement using 90 percent of Scale MP-2016

CITY OF RIVERSIDE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)
(amounts expressed in thousands)

Reporting period June 30,	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Measurement period June 30,	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Total OPEB liability						
Service cost	$ 2,554	$ 2,403	$ 2,435	$ 2,569	$ 2,646	$ 3,184
Interest on the total OPEB liability	1,090	1,301	1,392	1,810	1,394	1,070
Differences between expected and actual experience	-	-	292	(2,300)	(2,267)	-
Changes in assumptions	(1,668)	(306)	9,550	2,225	(3,086)	(5,926)
Benefit payments	(1,732)	(1,846)	(2,003)	(2,032)	(2,193)	(1,627)
Net change in total OPEB liability	**244**	**1,552**	**11,666**	**2,272**	**(3,506)**	**(3,299)**
Total OPEB liability - beginning	**36,542**	**36,786**	**38,338**	**50,004**	**52,276**	**48,770**
Total OPEB liability - ending	**$ 36,786**	**$ 38,338**	**$ 50,004**	**$ 52,276**	**$ 48,770**	**$ 45,471**
Covered-employee payroll	$ 170,858	$ 170,858	$ 185,967	$ 191,546	$ 197,292	$ 203,211
Total OPEB liability as a percentage of covered-employee payroll	21.53 %	22.44 %	26.89 %	27.29 %	24.72 %	22.38 %

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

Changes in assumptions: For the measurement period ending June 30, 2022, the discount rate was changed from 2.16 percent to 3.54 percent.

There are no asset accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

CITY OF
RIVERSIDE

Non-Major Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Urban Areas Security Initiative (UASI) Fund - To account for UASI grants received from the U.S. Department of Homeland Security.

Grants and Restricted Programs Fund - To account for federal, state, and local grants along with other restricted program revenue.

Gas Tax Fund - To account for the construction and maintenance of the road network system of the City. Financing is provided by the City's share of state gasoline taxes which state law requires to be used to maintain streets.

Air Quality Improvements Fund - To account for qualified air pollution reduction programs funded by the South Coast Air Quality Management District.

Housing & Community Development Fund - To account for federal grants received from the Department of Housing and Urban Development (HUD). The grants are used for the development of a viable urban community by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons with low and moderate incomes.

National Pollution Discharge Elimination System (NPDES) Storm Drain Fund - To account for storm drain maintenance and inspection required for California storm water permits. Activities are funded by a special assessment district of Riverside County, California.

Special Districts Fund - To account for Loving Homes, Village at Canyon Crest, Sycamore Highlands, Riverwalk, Riverwalk Parks Projects, and Street Lighting districts.

Housing Fund - To account for the housing activities for persons with low or moderate income.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Special Capital Improvement Fund - To account for the acquisition, construction and installation of capital improvements and a Community Facilities District within the City.

Storm Drain Fund - To account for the acquisition, construction and installation of storm drains in the City.

Transportation Fund - To account for the construction and installation of street and highway improvements in accordance with Articles 3 and 8 of the Transportation Development Act of 1971 of the State of California.

Permanent Fund

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Library Special Fund - To account for the monies held in trust for the benefit of the Riverside City Public Library System.

CITY OF RIVERSIDE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	Special Revenue Funds								
	Urban Areas Security Initiative	**Grants and Restricted Programs**	**Gas Tax**	**Air Quality Improvements**	**Housing & Community Development**	**NPDES Strom Drain**	**Special Districts**	**Housing**	**Total**
Assets:									
Cash and investments	$ -	$ 46,425	$ 32,278	$ 1,859	$ 10,842	$ 348	$ 821	$ 9,218	$ 101,791
Cash and investments with fiscal agent	-	-	-	-	-	-	-	-	-
Receivables, net of allowance for uncollectible									
Interest	-	147	114	6	48	-	3	31	349
Property taxes	-	-	-	-	-	-	90	-	90
Accounts	-	84	-	-	20	-	-	13	117
Intergovernmental	1,201	6,113	1,509	105	7,533	269	-	-	16,730
Notes	-	-	-	-	16,143	-	-	30,559	46,702
Prepaid items	-	71	-	-	23	-	-	-	94
Land and improvements held for resale	-	-	-	-	443	-	-	1,983	2,426
Total assets	**$ 1,201**	**$ 52,840**	**$ 33,901**	**$ 1,970**	**$ 35,052**	**$ 617**	**$ 914**	**$ 41,804**	**$ 168,299**
Liabilities, Deferred Inflows of Resources, and Fund Balances:									
Liabilities:									
Accounts payable	$ 241	$ 2,047	$ 1,303	$ -	$ 2,601	$ 10	$ 7	$ 8	$ 6,217
Accrued payroll	-	6	-	-	11	7	-	16	40
Retainage payable	-	26	466	-	122	1	-	1	616
Intergovernmental	4	-	-	-	-	-	1	-	5
Unearned revenue	-	46,030	-	-	15,678	-	-	-	61,708
Due to other funds	956	-	-	-	-	-	-	-	956
Total liabilities	**1,201**	**48,109**	**1,769**	**-**	**18,412**	**18**	**8**	**25**	**69,542**
Deferred Inflows of Resources:									
Unavailable revenue	-	1,525	-	-	16,586	-	-	30,558	48,669
Total deferred inflows of resources	**-**	**1,525**	**-**	**-**	**16,586**	**-**	**-**	**30,558**	**48,669**
Fund Balances:									
Nonspendable:									
Inventories, prepaids, notes, and deposits	-	71	-	-	23	-	-	-	94
Permanent fund principal	-	-	-	-	-	-	-	-	-
Restricted:									
Housing and redevelopment	-	-	-	-	31	-	-	11,221	11,252
Transportation and public works	-	3,135	32,132	1,970	-	599	906	-	38,742
Other purposes	-	-	-	-	-	-	-	-	-
Total fund balances	**-**	**3,206**	**32,132**	**1,970**	**54**	**599**	**906**	**11,221**	**50,088**
Total liabilities, deferred inflows of resources, and fund balances	**$ 1,201**	**$ 52,840**	**$ 33,901**	**$ 1,970**	**$ 35,052**	**$ 617**	**$ 914**	**$ 41,804**	**$ 168,299**

CITY OF RIVERSIDE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	Capital Projects Funds				Permanent Fund	
	Special Capital Improvement	Storm Drain	Transportation	Total	Library Special	Total Non-Major Governmental Funds
Assets:						
Cash and investments	$ 7,624	$ -	$ -	$ 7,624	$ 1,642	$ 111,057
Cash and investments with fiscal agent	330	-	-	330	-	330
Receivables, net of allowance for uncollectible						
Interest	26	-	-	26	-	375
Property taxes	-	-	-	-	-	90
Accounts	-	-	-	-	-	117
Intergovernmental	-	946	-	946	-	17,676
Notes	-	-	-	-	-	46,702
Prepaid items	-	-	-	-	-	94
Land and improvements held for resale	-	-	-	-	-	2,426
Total assets	**$ 7,980**	**$ 946**	**$ -**	**$ 8,926**	**$ 1,642**	**$ 178,867**
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable	$ 73	$ -	$ -	$ 73	$ -	$ 6,290
Accrued payroll	-	-	-	-	-	40
Retainage payable	5	-	-	5	-	621
Intergovernmental	-	-	-	-	-	5
Unearned revenue	-	-	-	-	-	61,708
Due to other funds	-	65	-	65	-	1,021
Total liabilities	**78**	**65**	**-**	**143**	**-**	**69,685**
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	-	-	48,669
Total deferred inflows of resources	**-**	**-**	**-**	**-**	**-**	**48,669**
Fund Balances:						
Nonspendable:						
Inventories, prepaids, notes, and deposits	-	-	-	-	-	94
Permanent fund principal	-	-	-	-	1,642	1,642
Restricted:						
Housing and redevelopment	-	-	-	-	-	11,252
Transportation and public works	-	-	-	-	-	38,742
Other purposes	7,902	881	-	8,783	-	8,783
Total fund balances	**7,902**	**881**	**-**	**8,783**	**1,642**	**60,513**
Total liabilities, deferred inflows of resources, and fund balances	**$ 7,980**	**$ 946**	**$ -**	**$ 8,926**	**$ 1,642**	**$ 178,867**

CITY OF RIVERSIDE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Special Revenue Funds								
	Urban Areas Security Initiative	Grants and Restricted Programs	Gas Tax	Air Quality Improvements	Housing & Community Development	NPDES Strom Drain	Special Districts	Housing	Total
Revenues:									
Licenses and permits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	2,008	37,453	15,043	421	20,372	-	-	-	75,297
Charges for services	-	1,554	-	31	-	-	-	-	1,585
Special assessments	-	-	-	-	-	1,796	4,203	-	5,999
Rental and investment income	-	1,225	347	20	289	6	14	302	2,203
Miscellaneous	-	894	-	-	500	-	-	(227)	1,167
Total revenues	**2,008**	**41,126**	**15,390**	**472**	**21,161**	**1,802**	**4,217**	**75**	**86,251**
Expenditures:									
Current:									
General government	-	6,759	-	48	2,644	-	-	1,060	10,511
Public safety	2,008	4,822	-	-	-	-	4,909	-	11,739
Highways and streets	-	487	-	-	-	-	563	-	1,050
Culture and recreation	-	3,059	-	-	-	-	15	-	3,074
Capital outlay	-	822	12,952	242	17,209	1,804	-	-	33,029
Debt service:									
Principal	-	12	-	-	25	-	-	56	93
Interest and fiscal charges	-	-	-	-	14	-	-	30	44
Total expenditures	**2,008**	**15,961**	**12,952**	**290**	**19,892**	**1,804**	**5,487**	**1,146**	**59,540**
Excess/(deficiency) of revenues over/(under) expenditures	-	25,165	2,438	182	1,269	(2)	(1,270)	(1,071)	26,711
Other Financing Sources/(Uses):									
Transfers in	-	200	149	-	-	-	1,435	-	1,784
Transfers out	-	(23,857)	(215)	-	-	-	-	-	(24,072)
Proceeds from sale of capital assets	-	7	-	-	-	-	-	-	7
Issuance of debt related to leases and subscriptions	-	12	-	-	-	-	-	-	12
Total other financing sources/(uses)	**-**	**(23,638)**	**(66)**	**-**	**-**	**-**	**1,435**	**-**	**(22,269)**
Net change in fund balances	-	1,527	2,372	182	1,269	(2)	165	(1,071)	4,442
Fund Balances:									
Beginning of year	-	1,679	29,760	1,788	(1,215)	601	741	12,292	45,646
End of year	**$ -**	**$ 3,206**	**$ 32,132**	**$ 1,970**	**$ 54**	**$ 599**	**$ 906**	**$ 11,221**	**$ 50,088**

CITY OF RIVERSIDE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Capital Projects Funds				Permanent Fund	
	Special Capital Improvement	Storm Drain	Transportation	Total	Library Special	Total Non-Major Governmental Funds
Revenues:						
Licenses and permits	$ 3,175	$ 273	$ -	$ 3,448	$ -	$ 3,448
Intergovernmental	-	2,535	-	2,535	-	77,832
Charges for services	-	-	-	-	-	1,585
Special assessments	-	-	-	-	-	5,999
Rental and investment income	75	185	-	260	26	2,489
Miscellaneous	-	-	-	-	279	1,446
Total revenues	**3,250**	**2,993**	**-**	**6,243**	**305**	**92,799**
Expenditures:						
Current:						
General government	49	-	-	49	-	10,560
Public safety	-	-	-	-	-	11,739
Highways and streets	-	-	-	-	-	1,050
Culture and recreation	-	-	-	-	158	3,232
Capital outlay	510	2,502	-	3,012	-	36,041
Debt service:						
Principal	-	-	-	-	-	93
Interest and fiscal charges	-	-	-	-	-	44
Total expenditures	**559**	**2,502**	**-**	**3,061**	**158**	**62,759**
Excess/(deficiency) of revenues over/(under) expenditures	2,691	491	-	3,182	147	30,040
Other Financing Sources/(Uses):						
Transfers in	-	-	-	-	-	1,784
Transfers out	(1,750)	-	-	(1,750)	-	(25,822)
Proceeds from sale of capital assets	-	-	-	-	-	7
Issuance of debt related to leases and subscriptions	-	-	-	-	-	12
Total other financing sources/(uses)	**(1,750)**	**-**	**-**	**(1,750)**	**-**	**(24,019)**
Net change in fund balances	941	491	-	1,432	147	6,021
Fund Balances:						
Beginning of year	6,961	390	-	7,351	1,495	54,492
End of year	**$ 7,902**	**$ 881**	**$ -**	**$ 8,783**	**$ 1,642**	**$ 60,513**

CITY OF RIVERSIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Urban Areas Security Initiative			Grants and Restricted Programs			Gas Tax		
	Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)	Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)	Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)
Revenues:									
Intergovernmental	$ 11,697	$ 2,008	$ (9,689)	$ 144,307	$ 37,453	$ (106,854)	$ 16,804	$ 15,043	$ (1,761)
Charges for services	-	-	-	1,516	1,554	38	-	-	-
Rental and investment income	-	-	-	-	1,225	1,225	150	347	197
Miscellaneous	-	-	-	1,166	894	(272)	-	-	-
Total revenues	**11,697**	**2,008**	**(9,689)**	**146,989**	**41,126**	**(105,863)**	**16,954**	**15,390**	**(1,564)**
Expenditures:									
Current:									
General government	-	-	-	39,404	6,759	32,645	-	-	-
Public safety	11,697	2,008	9,689	12,662	4,822	7,840	-	-	-
Highways and streets	-	-	-	1,208	487	721	-	-	-
Culture and recreation	-	-	-	38,547	3,059	35,488	-	-	-
Capital outlay	-	-	-	33,060	822	32,238	43,091	12,952	30,139
Principal	-	-	-	-	12	(12)	-	-	-
Total expenditures	**11,697**	**2,008**	**9,689**	**124,881**	**15,961**	**108,920**	**43,091**	**12,952**	**30,139**
Excess/(deficiency) of revenues over/(under) expenditures	-	-	-	22,108	25,165	3,057	(26,137)	2,438	28,575
Other Financing Sources/(Uses):									
Transfers in	-	-	-	-	200	200	-	149	149
Transfers out	-	-	-	(24,581)	(23,857)	724	-	(215)	(215)
Proceeds from sale of capital assets	-	-	-	-	7	7	-	-	-
Issuance of debt related to leases and subscriptions	-	-	-	-	12	12	-	-	-
Total other financing sources/(uses)	**-**	**-**	**-**	**(24,581)**	**(23,638)**	**943**	**-**	**(66)**	**(66)**
Net change in fund balance	-	-	-	(2,473)	1,527	4,000	(26,137)	2,372	28,509
Fund Balances:									
Beginning of year	-	-	-	1,679	1,679	-	29,760	29,760	-
End of year	**$ -**	**$ -**	**$ -**	**$ (794)**	**$ 3,206**	**$ 4,000**	**$ 3,623**	**$ 32,132**	**$ 28,509**

CITY OF RIVERSIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Air Quality Improvements			Housing & Community Development			NPDES Strom Drain		
	Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)	Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)	Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)
Revenues:									
Intergovernmental	$ 424	$ 421	$ (3)	$ 45,485	$ 20,372	$ (25,113)	$ 397	$ -	$ (397)
Charges for services	75	31	(44)	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	1,887	1,796	(91)
Rental and investment income	-	20	20	250	289	39	-	6	6
Miscellaneous	-	-	-	1,481	500	(981)	-	-	-
Total revenues:	**499**	**472**	**(27)**	**47,216**	**21,161**	**(26,055)**	**2,284**	**1,802**	**(482)**
Expenditures:									
Current:									
General government	475	48	427	3,064	2,644	420	-	-	-
Capital outlay	242	242	-	60,219	17,209	43,010	2,879	1,804	1,075
Debt service:									
Principal	-	-	-	25	25	-	-	-	-
Interest and fiscal charges	-	-	-	14	14	-	-	-	-
Total expenditures	**717**	**290**	**427**	**63,322**	**19,892**	**43,430**	**2,879**	**1,804**	**1,075**
Excess/(deficiency) of revenues over/(under) expenditures	(218)	182	400	(16,106)	1,269	17,375	(595)	(2)	593
Other Financing Sources/(Uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources/(uses)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net change in fund balances	(218)	182	400	(16,106)	1,269	17,375	(595)	(2)	593
Fund Balances:									
Beginning of year	1,788	1,788	-	(1,215)	(1,215)	-	601	601	-
End of year	**$ 1,570**	**$ 1,970**	**$ 400**	**$ (17,321)**	**$ 54**	**$ 17,375**	**$ 6**	**$ 599**	**$ 593**

CITY OF RIVERSIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Special Districts			Housing		
	Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)	Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)
Revenues						
Special assessments	$ 4,118	$ 4,203	$ 85	$ -	$ -	$ -
Rental and investment income	-	14	14	-	302	302
Miscellaneous	-	-	-	-	(227)	(227)
Total revenues	**4,118**	**4,217**	**99**	**-**	**75**	**75**
Expenditures:						
Current:						
General government	-	-	-	2,872	1,060	1,812
Public safety	4,744	4,909	(165)	-	-	-
Highways and streets	748	563	185	-	-	-
Culture and recreation	353	15	338	-	-	-
Debt service:						
Principal	-	-	-	56	56	-
Interest and fiscal charges	-	-	-	30	30	-
Total expenditures	**5,845**	**5,487**	**358**	**2,958**	**1,146**	**1,812**
Excess/(deficiency) of revenues over/(under) expenditures	(1,727)	(1,270)	457	(2,958)	(1,071)	1,887
Other Financing Sources/(Uses):						
Transfers in	1,399	1,435	36	-	-	-
Total other financing sources/(uses)	**1,399**	**1,435**	**36**	**-**	**-**	**-**
Net change in fund balances	(328)	165	493	(2,958)	(1,071)	1,887
Fund Balances:						
Beginning of year	741	741	-	12,292	12,292	-
End of year	**$ 413**	**$ 906**	**$ 493**	**$ 9,334**	**$ 11,221**	**$ 1,887**

CITY OF RIVERSIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Capital Outlay Fund			Special Capital Improvement			Storm Drain		
	Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)	Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)	Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)
Revenues:									
Licenses and permits	$ -	$ -	$ -	$ 2,585	$ 3,175	$ 590	$ 179	$ 273	$ 94
Intergovernmental	53,153	14,853	(38,300)	-	-	-	26,481	2,535	(23,946)
Special assessments	680	542	(138)	-	-	-	-	-	-
Rental and investment income	180	668	488	30	75	45	13	185	172
Miscellaneous	-	249	249	-	-	-	-	-	-
Total revenues	**54,013**	**16,312**	**(37,701)**	**2,615**	**3,250**	**635**	**26,673**	**2,993**	**(23,680)**
Expenditures:									
Current:									
General government	-	-	-	47	49	(2)	-	-	-
Capital outlay	185,267	20,982	164,285	1,221	510	711	26,926	2,502	24,424
Debt service:									
Interest and fiscal charges	2	-	2	-	-	-	-	-	-
Total expenditures	**185,269**	**20,982**	**164,287**	**1,268**	**559**	**709**	**26,926**	**2,502**	**24,424**
Excess/(deficiency) of revenues over/(under) expenditures	(131,256)	(4,670)	126,586	1,347	2,691	1,344	(253)	491	744
Other Financing Sources/(Uses):									
Transfers in	37,900	38,115	215	-	-	-	-	-	-
Transfers out	(2,999)	(3,148)	(149)	(1,750)	(1,750)	-	-	-	-
Issuance of long-term debt	57,700	-	(57,700)	-	-	-	-	-	-
Total other financing sources/(uses)	**92,601**	**34,967**	**(57,634)**	**(1,750)**	**(1,750)**	**-**	**-**	**-**	**-**
Net change in fund balance	(38,655)	30,297	68,952	(403)	941	1,344	(253)	491	744
Fund Balances:									
Beginning of year	52,504	52,504	-	6,961	6,961	-	390	390	-
End of year	**$ 13,849**	**$ 82,801**	**$ 68,952**	**$ 6,558**	**$ 7,902**	**$ 1,344**	**$ 137**	**$ 881**	**$ 744**

CITY OF RIVERSIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Transportation		
	Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)
Revenues:			
Intergovernmental	$ 163	$ -	$ (163)
Total revenues	**163**	**-**	**(163)**
Expenditures:			
Capital outlay	163	-	163
Total expenditures	**163**	**-**	**163**
Other Financing Sources/(Uses):			
Transfers in	-	-	-
Fund Balances:			
Beginning of year	-	-	-
End of year	**$ -**	**$ -**	**$ -**

Non-Major Enterprise Funds

Enterprise Funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises. The City's intent is to demonstrate that the cost of services provided to the general public on a continuing basis is financed or recovered through user charges; or the City has decided that the periodic determination of net income is appropriate for accountability purposes.

Airport - To account for the operations of the City's airport.

Refuse - To account for the operations of the City's solid waste and sanitation program which provides for the collection and disposal of solid waste on a user charge basis to residents and businesses.

Transportation - To account for the operations of the City's Senior Citizens' and Handicapped Transportation System in accordance with Article 4 of the Transportation Development Act of 1971 (SB325) of the State of California. Federal Transit Administration Funds are also accounted for in this fund.

Public Parking - To account for the operations and construction of the City's public parking facilities.

Civic Entertainment - To account for the operations of the Riverside Fox Theater, Riverside Municipal Auditorium, The Box and Showcase, the Riverside Convention Center, and the Cheech.

CITY OF RIVERSIDE
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds					
	Airport	Refuse	Transportation	Public Parking	Civic Entertainment	Total Non-Major Enterprise Funds
Assets:						
Current assets:						
Cash and investments	$ 1,717	$ 12,981	$ 4,633	$ 5,458	$ 2,333	$ 27,122
Receivables, net of allowance for uncollectible						
Interest	10	57	17	23	16	123
Utility billed	-	2,176	-	-	-	2,176
Utility unbilled	-	1,102	-	-	-	1,102
Accounts	290	384	25	270	377	1,346
Property taxes	1	-	-	-	-	1
Intergovernmental	108	-	100	9	3,135	3,352
Leases receivable	237	-	-	237	-	474
Inventory	-	-	-	-	89	89
Prepaid items	-	8	-	-	75	83
Deposits	-	-	-	-	300	300
Restricted assets:						
Cash and cash equivalents	-	2,500	-	-	-	2,500
Total current assets	**2,363**	**19,208**	**4,775**	**5,997**	**6,325**	**38,668**
Noncurrent assets:						
Leases receivable	2,293	-	-	2,102	-	4,395
Regulatory assets	-	9,024	-	-	-	9,024
Derivative instruments	-	-	-	-	1,088	1,088
Capital assets, net of accumulated depreciation	20,490	4,083	1,945	27,869	89,073	143,460
Lease and subscription assets, net of amortization	5	9	4	164	-	182
Total noncurrent assets	**22,788**	**13,116**	**1,949**	**30,135**	**90,161**	**158,149**
Total assets	**25,151**	**32,324**	**6,724**	**36,132**	**96,486**	**196,817**
Deferred Outflows of Resources:						
Changes in derivative values	-	-	-	-	844	844
Deferred charge on refunding	-	-	-	-	579	579
Pension related items	382	2,593	1,523	686	-	5,184
OPEB related items	23	192	131	22	-	368
Total deferred outflows of resources	**405**	**2,785**	**1,654**	**708**	**1,423**	**6,975**

(Continued)

CITY OF RIVERSIDE
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds					
	Airport	Refuse	Transportation	Public Parking	Civic Entertainment	Total Non-Major Enterprise Funds
Liabilities:						
Current liabilities:						
Accounts payable	150	1,773	4,095	613	1,225	7,856
Accrued payroll	13	123	51	19	-	206
Retainage payable	1	-	-	62	100	163
Unearned revenue	41	-	646	-	32	719
Deposits	-	-	-	-	682	682
Accrued interest	-	-	-	45	-	45
Long-term obligations	61	453	177	1,243	4,163	6,097
Compensated absences	75	372	175	33	-	655
Landfill capping	-	559	-	-	-	559
OPEB liability	6	57	29	12	-	104
Lease liability	1	1	2	75	-	79
SBITA liability	1	5	-	-	-	6
Total current liabilities	**349**	**3,343**	**5,175**	**2,102**	**6,202**	**17,171**
Noncurrent liabilities:						
Long-term obligations	623	4,177	1,966	12,614	53,759	73,139
Compensated absences	2	13	5	1	-	21
Landfill capping	-	8,866	-	-	-	8,866
Regulatory liability	-	-	-	-	42	42
Derivative instruments	-	-	-	-	1,465	1,465
Net pension liability	424	2,876	1,690	761	-	5,751
OPEB liability	146	1,281	660	269	-	2,356
Lease liability	2	2	3	92	-	99
SBITA liability	-	1	-	-	-	1
Total noncurrent liabilities	**1,197**	**17,216**	**4,324**	**13,737**	**55,266**	**91,740**
Total liabilities	**1,546**	**20,559**	**9,499**	**15,839**	**61,468**	**108,911**
Deferred Inflows of Resources:						
Change in derivative values	-	-	-	-	1,064	1,064
Pension related items	39	266	156	70	-	531
OPEB related items	30	271	152	61	-	514
Lease related items	2,622	-	-	2,432	-	5,054
Total deferred inflows of resources	**2,691**	**537**	**308**	**2,563**	**1,064**	**7,163**
Net Position:						
Net investment in capital assets	20,491	3,592	1,944	15,067	31,731	72,825
Landfill capping	-	2,500	-	-	-	2,500
Unrestricted/(deficit)	828	7,921	(3,373)	3,371	3,646	12,393
Total net position	**$ 21,319**	**$ 14,013**	**$ (1,429)**	**$ 18,438**	**$ 35,377**	**$ 87,718**

CITY OF RIVERSIDE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds					
	Airport	**Refuse**	**Transportation**	**Public Parking**	**Civic Entertainment**	**Total Non-Major Enterprise Funds**
Operating Revenues:						
Charges for services	$ 1,872	$ 31,477	$ 258	$ 6,084	$ 18,158	$ 57,849
Total operating revenues	**1,872**	**31,477**	**258**	**6,084**	**18,158**	**57,849**
Operating Expenses:						
Personnel services	751	6,138	2,858	602	-	10,349
Contractual services	237	7,444	67	2,340	7,622	17,710
Maintenance and operation	370	11,129	533	536	214	12,782
General	205	4,391	705	274	14,484	20,059
Materials and supplies	16	1,931	217	7	-	2,171
Claims/Insurance	43	160	73	101	334	711
Depreciation	737	862	281	972	3,032	5,884
Amortization	3	570	2	75	-	650
Total operating expenses	**2,362**	**32,625**	**4,736**	**4,907**	**25,686**	**70,316**
Operating income/(loss)	(490)	(1,148)	(4,478)	1,177	(7,528)	(12,467)
Nonoperating Revenues/(Expenses):						
Grant subsidies	12	-	4,150	-	212	4,374
Interest revenue	61	84	19	47	6	217
Interest expense and fiscal charges	(23)	(152)	(72)	(586)	(2,012)	(2,845)
Other	(15)	407	(1)	(94)	2	299
Gain/(loss) on disposal of capital assets	-	14	-	-	-	14
Total nonoperating revenues/(expenses):	**35**	**353**	**4,096**	**(633)**	**(1,792)**	**2,059**
Income/(loss) before contributions and transfers	(455)	(795)	(382)	544	(9,320)	(10,408)
Capital contributions	194	-	99	-	1,187	1,480
Transfers in	-	11,000	-	3,500	10,575	25,075
Change in net position	(261)	10,205	(283)	4,044	2,442	16,147
Net Position						
Beginning of year	21,580	3,808	(1,146)	14,394	32,935	71,571
End of year	**$ 21,319**	**$ 14,013**	**$ (1,429)**	**$ 18,438**	**$ 35,377**	**$ 87,718**

CITY OF RIVERSIDE
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds					
	Airport	Refuse	Transportation	Public Parking	Civic Entertainment	Total Non-Major Enterprise Funds
Cash Flows from Operating Activities:						
Cash received from customers and users	$ 1,660	$ 32,618	$ 234	$ 6,300	$ 18,244	$ 59,056
Cash paid to suppliers for goods or services	(809)	(26,148)	(1,573)	(3,240)	(22,858)	(54,628)
Cash paid to employees for services	(764)	(6,157)	(2,847)	(619)	-	(10,387)
Net cash provided/(used) by operating activities	**87**	**313**	**(4,186)**	**2,441**	**(4,614)**	**(5,959)**
Cash Flows from Non-Capital Financing Activities:						
Transfers in	-	11,000	-	3,500	10,575	25,075
Debt service payment on pension obligation bonds	(52)	(291)	(148)	(76)	-	(567)
Other non-operating receipts	42	408	(1)	(40)	2	411
Grant subsidies	12	-	5,676	-	212	5,900
Net cash provided/(used) by non-capital financing activities	**2**	**11,117**	**5,527**	**3,384**	**10,789**	**30,819**
Cash Flows from Capital and Related Financing Activities:						
Purchase of capital assets	(209)	(1,340)	(20)	(617)	(1,120)	(3,306)
Proceeds from sales of capital assets	-	14	-	-	-	14
Principal paid on long-term obligations	-	(103)	-	(1,105)	(4,020)	(5,228)
Interest paid on long-term obligations	(23)	(152)	(72)	(591)	(2,065)	(2,903)
Contributions	194	-	99	-	1,187	1,480
Lease and subscription payments	(3)	(6)	(2)	(77)	-	(88)
Net cash provided/(used) by capital and related financing activities	**(41)**	**(1,587)**	**5**	**(2,390)**	**(6,018)**	**(10,031)**
Cash Flows from Investing Activities:						
Interest from investments	59	41	8	29	(4)	133
Net cash provided/(used) by investing activities	**59**	**41**	**8**	**29**	**(4)**	**133**
Net increase/(decrease) in cash and cash equivalents	**107**	**9,884**	**1,354**	**3,464**	**153**	**14,962**
Cash and cash equivalents at beginning of year	**1,610**	**5,597**	**3,279**	**1,994**	**2,180**	**14,660**
Cash and cash equivalents at end of year	**$ 1,717**	**$ 15,481**	**$ 4,633**	**$ 5,458**	**$ 2,333**	**$ 29,622**

CITY OF RIVERSIDE
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds					
	Airport	Refuse	Transportation	Public Parking	Civic Entertainment	Total Non-Major Enterprise Funds
Reconciliation of Operating Income to Net Cash Provided/(Used) by Operating Activities:						
Operating income/(loss)	$ (490)	$ (1,148)	$ (4,478)	$ 1,177	$ (7,528)	$ (12,467)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:						
Depreciation	737	862	281	972	3,032	5,884
Amortization	3	570	2	75	-	650
(Increase)/decrease in utility billed receivable	-	1,282	-	-	-	1,282
(Increase)/decrease in utility unbilled receivable	-	(49)	-	-	-	(49)
(Increase)/decrease in accounts receivable	(119)	(92)	(24)	197	1,510	1,472
(Increase)/decrease in property tax receivable	20	-	-	-	-	20
(Increase)/decrease in intergovernmental receivable	(107)	-	-	18	-	(89)
(Increase)/decrease in inventory	-	-	-	-	(10)	(10)
(Increase)/decrease in prepaid items	-	(5)	-	-	(40)	(45)
(Increase)/decrease in deposits	-	-	-	-	6	6
Increase/(decrease) in accounts payable	78	(687)	24	(42)	217	(410)
Increase/(decrease) in accrued payroll	1	39	16	(3)	-	53
Increase/(decrease) in retainage payable	(18)	-	-	62	(378)	(334)
Increase/(decrease) in unearned revenue	(4)	-	-	-	(1,457)	(1,461)
Increase/(decrease) in deposits payable	-	-	-	-	34	34
Increase/(decrease) in compensated absences	(1)	29	39	3	-	70
Increase/(decrease) in landfill capping liability	-	(396)	-	-	-	(396)
Changes in net pension liability/(asset) and related deferred inflows/(outflows) of resources	(19)	(145)	(73)	(32)	-	(269)
Changes in OPEB liability and related deferred inflows/(outflows) of resources	6	53	27	14	-	100
Total adjustments	**577**	**1,461**	**292**	**1,264**	**2,914**	**6,508**
Net cash provided/(used) by operating activities	**$ 87**	**$ 313**	**$ (4,186)**	**$ 2,441**	**$ (4,614)**	**$ (5,959)**

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one City department to other City departments on a cost-reimbursement basis.

Self-Insurance Trust - To account for the operations of the City's self-insured workers' compensation, unemployment, and liability programs.

Central Stores - To account for the operations of the City's centralized supplies inventory, including receiving and delivery services provided to City departments.

Central Garage - To account for the maintenance and repair of all city-owned vehicles and motorized equipment, except for Police vehicles.

CITY OF RIVERSIDE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds			
	Self Insurance Trust	Central Stores	Central Garage	Total Internal Service Funds
Assets:				
Current assets:				
Cash and investments	$ 29,386	$ -	$ 10,786	$ 40,172
Receivables, net of allowance for uncollectible				
Interest	102	-	38	140
Accounts	70	-	55	125
Intergovernmental	57	-	229	286
Inventory	-	8,592	476	9,068
Prepaid items	-	-	2	2
Total current assets	**29,615**	**8,592**	**11,586**	**49,793**
Noncurrent assets:				
Capital assets, net of accumulated depreciation	-	83	7,960	8,043
Lease and subscription assets, net of amortization	13	1	8	22
Total noncurrent assets	**13**	**84**	**7,968**	**8,065**
Total assets	**29,628**	**8,676**	**19,554**	**57,858**
Deferred Outflows of Resources:				
Pension related items	576	408	1,900	2,884
OPEB related items	46	27	115	188
Total deferred outflows of resources	**622**	**435**	**2,015**	**3,072**
Liabilities:				
Current liabilities:				
Accounts payable	277	626	330	1,233
Accrued payroll	17	14	65	96
Due to other funds	-	645	-	645
Long-term obligations	46	49	360	455
Compensated absences	47	88	204	339
Claims and judgments	12,834	-	-	12,834
OPEB liability	7	8	33	48
Lease liability	4	-	1	5
SBITA liability	-	1	3	4
Total current liabilities	**13,232**	**1,431**	**996**	**15,659**
Noncurrent liabilities:				
Long-term obligations	526	528	3,209	4,263
Compensated absences	17	33	76	126
Claims and judgments	40,278	-	-	40,278
Net pension liability	639	453	2,107	3,199
OPEB liability	167	172	756	1,095
Lease liability	7	-	3	10
SBITA liability	-	-	1	1
Total noncurrent liabilities	**41,634**	**1,186**	**6,152**	**48,972**
Total liabilities	**54,866**	**2,617**	**7,148**	**64,631**
Deferred Inflows of Resources:				
Pension related items	59	42	195	296
OPEB related items	54	44	138	236
Total deferred inflows of resources	**113**	**86**	**333**	**532**
Net Position:				
Net investment in capital assets	2	83	7,960	8,045
Unrestricted/(deficit)	(24,731)	6,325	6,128	(12,278)
Total net position	**$ (24,729)**	**$ 6,408**	**$ 14,088**	**$ (4,233)**

CITY OF RIVERSIDE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds			
	Self Insurance Trust	Central Stores	Central Garage	Total Internal Service Funds
Operating Revenues:				
Charges for services	$ 21,005	$ 1,580	$ 8,979	$ 31,564
Total operating revenues	**21,005**	**1,580**	**8,979**	**31,564**
Operating Expenses:				
Personnel services	1,049	870	3,457	5,376
Contractual services	662	6	217	885
Maintenance and operation	5	40	3,396	3,441
General	6,095	128	1,407	7,630
Materials and supplies	2	11	171	184
Claims/Insurance	4,043	10	145	4,198
Depreciation	-	11	925	936
Amortization	4	1	5	10
Total operating expenses	**11,860**	**1,077**	**9,723**	**22,660**
Operating income (loss)	9,145	503	(744)	8,904
Nonoperating Revenues/(Expenses):				
Interest revenue	578	-	185	763
Interest expense and fiscal charges	(19)	(19)	(115)	(153)
Other	145	-	1	146
Gain/(loss) on disposal of capital assets	-	-	51	51
Total nonoperating revenues/(expenses)	**704**	**(19)**	**122**	**807**
Income/(loss) before contributions and operating transfers	9,849	484	(622)	9,711
Capital contributions	-	-	239	239
Change in net position	9,849	484	(383)	9,950
Beginning of year	(34,578)	5,924	14,471	(14,183)
End of year	**$ (24,729)**	**$ 6,408**	**$ 14,088**	**$ (4,233)**

CITY OF RIVERSIDE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds			
	Self Insurance Trust	Central Stores	Central Garage	Total Internal Service Funds
Cash Flows from Operating Activities:				
Cash received from interfund services provided	$ 21,095	$ 1,580	$ 9,027	$ 31,702
Cash paid to suppliers for goods and services	(36,499)	(1,230)	(5,454)	(43,183)
Cash paid to employees for services	(1,052)	(892)	(3,497)	(5,441)
Net cash provided/(used) by operating activities	**(16,456)**	**(542)**	**76**	**(16,922)**
Cash Flows from Non-Capital Financing Activities:				
Payments from other funds	-	606	-	606
Debt service payment on pension obligation bonds	(38)	(41)	(211)	(290)
Other non-operating receipts	145	-	1	146
Net cash provided/(used) by non-capital financing activities	**107**	**565**	**(210)**	**462**
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	-	(2)	(1,187)	(1,189)
Proceeds from sales of capital assets	-	-	51	51
Interest paid on long-term obligations	(19)	(19)	(116)	(154)
Lease and subscription payments	(4)	(2)	(10)	(16)
Net cash provided/(used) by capital and related financing activities	**(23)**	**(23)**	**(1,262)**	**(1,308)**
Cash Flows from Investing Activities:				
Interest from investments	567	-	171	738
Net cash provided/(used) by capital and related financing activities	**567**	**-**	**171**	**738**
Net increase/(decrease) in cash and cash equivalents	**(15,805)**	**-**	**(1,225)**	**(17,030)**
Cash and cash equivalents at beginning of year	45,191	-	12,011	57,202
Cash and cash equivalents at end of year	**$ 29,386**	**$ -**	**$ 10,786**	**$ 40,172**
Reconciliation of Operating Income to Net Cash Provided/(Used) by Operating Activities:				
Operating income/(loss)	$ 9,145	$ 503	$ (744)	$ 8,904
Adjustments to Reconcile Operating Income/(Loss) Net Cash Provided/(Used) by Operating Activities:				
Depreciation	-	11	925	936
Amortization	4	1	5	10
(Increase)/decrease in accounts receivable	(41)	-	41	-
(Increase)/decrease in intergovernmental receivable	128	-	1	129
(Increase)/decrease in inventory	-	(885)	14	(871)
Increase/(decrease) in accounts payable	(15)	(150)	(122)	(287)
Increase/(decrease) in accrued payroll	5	(1)	15	19
Increase/(decrease) in retainage payable	-	-	(6)	(6)
Increase/(decrease) in compensated absences	15	(17)	10	8
Increase/(decrease) in claims and judgments	(25,678)	-	-	(25,678)
Changes in net pension liability/(asset) and related deferred inflows/(outflows) of resources	(28)	(13)	(89)	(130)
Changes in OPEB liability and related deferred inflows/(outflows) of resources	9	9	26	44
Total adjustments	**(25,601)**	**(1,045)**	**820**	**(25,826)**
Net cash provided/(used) by operating activities	**$ (16,456)**	**$ (542)**	**$ 76**	**$ (16,922)**

CITY OF
RIVERSIDE

Combining General Fund and Capital Outlay Fund Schedules with Measure Z Fund Activity

CITY OF RIVERSIDE
BALANCE SHEET
COMBINING GENERAL FUND SCHEDULE
JUNE 30, 2023
(amounts expressed in thousands)

	General Fund	Measure Z Fund	Total General Fund
Assets:			
Cash and investments	$ 141,168	$ 55,022	$ 196,190
Cash and investments with fiscal agent	32,695	11,272	43,967
Receivables, net of allowance for uncollectible			
Interest	469	225	694
Property taxes	1,988	-	1,988
Sales taxes	16,052	14,866	30,918
Utility billed	2,320	-	2,320
Utility unbilled	945	-	945
Accounts	12,686	7	12,693
Intergovernmental	4,615	-	4,615
Notes	10	-	10
Leases receivable	9,213	-	9,213
Prepaid items	1,644	286	1,930
Due from other funds	1,666	-	1,666
Land and improvements held for resale	175	-	175
Total assets	**$ 225,646**	**$ 81,678**	**$ 307,324**
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	$ 8,054	$ 6,196	$ 14,250
Accrued payroll	14,813	427	15,240
Retainage payable	4	2	6
Intergovernmental	139	-	139
Deposits	11,805	-	11,805
Total liabilities	**34,815**	**6,625**	**41,440**
Deferred Inflows of Resources:			
Unavailable revenue	3,346	-	3,346
Lease related items	9,161	-	9,161
Total deferred inflows of resources	**12,507**	**-**	**12,507**
Fund Balances:			
Nonspendable:			
Inventories, prepaids, and deposits	1,654	286	1,940
Land and improvements held for resale	175	-	175
Restricted:			
Unfunded accrued liability	32,695	-	32,695
Committed:			
Economic contingency	65,500	5,000	70,500
Other purposes	40,801	-	40,801
Assigned:			
General government	3,978	619	4,597
Public safety	956	4,958	5,914
Highways and streets	702	4,183	4,885
Culture and recreation	1,412	15	1,427
Continuing projects	5,751	12,992	18,743
Unassigned	24,700	47,000	71,700
Total fund balances	**178,324**	**75,053**	**253,377**
Total liabilities, deferred inflows of resources, and fund balances	**$ 225,646**	**$ 81,678**	**$ 307,324**

CITY OF RIVERSIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMBINING GENERAL FUND SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	General Fund	Measure Z Fund	Total General Fund
Revenues:			
Taxes	$ 226,504	$ 84,016	$ 310,520
Licenses and permits	12,446	-	12,446
Intergovernmental	2,720	-	2,720
Charges for services	16,393	-	16,393
Fines and forfeitures	1,131	-	1,131
Special assessments	305	-	305
Rental and investment income	5,737	(1,105)	4,632
Miscellaneous	4,335	10	4,345
Total revenues	**269,571**	**82,921**	**352,492**
Expenditures:			
Current:			
General government	13,155	3,548	16,703
Public safety	183,189	24,631	207,820
Highways and streets	19,681	1,593	21,274
Culture and recreation	35,808	451	36,259
Capital outlay	4,237	12,578	16,815
Debt service:			
Principal	1,948	155	2,103
Interest and fiscal charges	206	22	228
Total expenditures	**258,224**	**42,978**	**301,202**
Excess/(deficiency) of revenues over/(under) expenditures	11,347	39,943	51,290
Other Financing Sources/(Uses):			
Transfers in	67,229	-	67,229
Transfers out	(63,875)	(36,406)	(100,281)
Transfers in/(out) to General Fund *	18,266	(18,266)	-
Proceeds from sale of capital assets	4,228	-	4,228
Issuance of debt related to leases and subscriptions	3,356	337	3,693
Total other financing sources/(uses)	**29,204**	**(54,335)**	**(25,131)**
Net change in fund balance	40,551	(14,392)	26,159
Fund Balances:			
Beginning of year	137,773	89,445	227,218
End of year	**$ 178,324**	**$ 75,053**	**$ 253,377**

* Per accounting standards, transfers within the same fund are not reflected in the Statement of Revenues, Expenditures, and Changes in Fund Balances; however, they are reflected in this schedule for transparency purposes.

CITY OF RIVERSIDE
BALANCE SHEET
COMBINING CAPITAL OUTLAY FUND SCHEDULE
JUNE 30, 2023
(amounts expressed in thousands)

	Capital Outlay Fund	Measure Z Capital Outlay Fund	Total Capital Outlay Fund
Assets:			
Cash and investments	$ 51,456	$ 29,288	$ 80,744
Receivables, net of allowance for uncollectible			
Interest	184	88	272
Accounts	451	4	455
Intergovernmental	3,941	-	3,941
Total assets	**$ 56,032**	**$ 29,380**	**$ 85,412**
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	$ 363	$ 1,750	$ 2,113
Retainage payable	34	45	79
Unearned revenue	265	-	265
Total liabilities	**662**	**1,795**	**2,457**
Deferred Inflows of Resources:			
Unavailable revenue	154	-	154
Total deferred inflows of resources	**154**	**-**	**154**
Fund Balances:			
Restricted:			
Transportation and public works	55,216	27,585	82,801
Total fund balances	**55,216**	**27,585**	**82,801**
Total liabilities, deferred inflows of resources, and fund balances	**$ 56,032**	**$ 29,380**	**$ 85,412**

CITY OF RIVERSIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMBINING CAPITAL OUTLAY FUND SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	Capital Outlay Fund	Measure Z Capital Outlay Fund	Total Capital Outlay Fund
Revenues:			
Intergovernmental	$ 14,853	$ -	$ 14,853
Special assessments	542	-	542
Rental and investment income	314	354	668
Miscellaneous	249	-	249
Total revenues	**15,958**	**354**	**16,312**
Expenditures:			
Capital outlay	5,987	14,995	20,982
Total expenditures	**5,987**	**14,995**	**20,982**
Excess/(deficiency) of revenues over/(under) expenditures	9,971	(14,641)	(4,670)
Other Financing Sources/(Uses):			
Transfers in	11,940	26,175	38,115
Transfers out	(3,148)	-	(3,148)
Total other financing sources/(uses)	**8,792**	**26,175**	**34,967**
Net change in fund balances	18,763	11,534	30,297
Fund Balances:			
Beginning of year	36,453	16,051	52,504
End of year	**$ 55,216**	**$ 27,585**	**$ 82,801**

Statistical Section
(Unaudited)

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>**Contents**</u> <u>**Page**</u>

Source: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF RIVERSIDE
TABLE 1
NET POSITION BY COMPONENT
LAST TEN FISCAL YEAR
(accrual basis of accounting) **(in thousands)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in capital assets	$ 1,106,384	$ 1,126,220	$ 1,123,910	$ 1,102,409	$ 1,093,896	$ 1,102,837	$ 1,081,991	$ 1,170,232	$ 1,176,215	$ 1,198,815
Restricted - Expendable	96,587	105,847	106,488	104,853	112,183	126,551	153,806	164,809	203,038	237,159
Restricted - Nonexpendable	-	-	-	-	-	-	-	-	-	1,642
Unrestricted	(2,049)	(406,388)	(389,278)	(362,146)	(364,500)	(356,340)	(369,222)	(366,713)	(284,713)	(242,886)
Total governmental activities net position	**$ 1,200,922**	**$ 825,679**	**$ 841,120**	**$ 845,116**	**$ 841,579**	**$ 873,048**	**$ 866,575**	**$ 968,328**	**$ 1,094,540**	**$ 1,194,730**
Business-Type Activities										
Net investment in capital assets	$ 616,844	$ 626,166	$ 654,870	$ 702,844	$ 800,227	$ 867,206	$ 751,865	$ 756,116	$ 774,469	$ 790,844
Restricted - Expendable	68,507	75,660	85,526	93,570	80,717	67,057	75,170	78,885	85,666	96,638
Unrestricted	359,698	209,469	235,144	245,116	199,143	155,468	272,776	263,837	284,977	283,132
Total business-type activities net position	**$ 1,045,049**	**$ 911,295**	**$ 975,540**	**$ 1,041,530**	**$ 1,080,087**	**$ 1,089,731**	**$ 1,099,811**	**$ 1,098,838**	**$ 1,145,112**	**$ 1,170,614**
Primary Government										
Net investment in capital assets	$ 1,723,228	$ 1,752,386	$ 1,778,780	$ 1,805,253	$ 1,894,123	$ 1,970,043	$ 1,833,856	$ 1,926,348	$ 1,950,684	$ 1,989,659
Restricted - Expendable	165,094	181,507	192,014	198,423	192,900	193,608	228,976	243,694	288,704	333,797
Restricted - Nonexpendable	-	-	-	-	-	-	-	-	-	1,642
Unrestricted	357,649	(196,919)	(154,134)	(117,030)	(165,357)	(200,872)	(96,446)	(102,876)	264	40,246
Total primary government net position	**$ 2,245,971**	**$ 1,736,974**	**$ 1,816,660**	**$ 1,886,646**	**$ 1,921,666**	**$ 1,962,779**	**$ 1,966,386**	**$ 2,067,166**	**$ 2,239,652**	**$ 2,365,344**

CITY OF RIVERSIDE
TABLE 2
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting) **(in thousands) Page 1 of 2**

	Fiscal Year									
	2014[1]	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
General government	$ 39,331	$ 26,587	$ 24,483	$ 44,510	$ 45,360	$ 51,139	$ 63,651	$ 97,927	$ 66,937	$ 34,258
Public safety	149,555	154,123	161,284	160,665	216,772	201,942	222,061	219,136	169,742	239,744
Highways and streets	36,564	36,563	38,836	38,585	42,544	43,770	46,983	42,034	41,125	50,588
Cultural and recreation	42,252	45,594	47,762	49,406	38,362	31,200	37,400	37,693	38,885	50,863
Interest on long-term debt and fiscal charges	17,741	17,025	16,387	16,028	12,414	10,045	13,181	19,083	19,806	18,598
Total governmental activities	**285,443**	**279,892**	**288,752**	**309,194**	**355,452**	**338,096**	**383,276**	**415,873**	**336,495**	**394,051**
Business-Type Activities:										
Electric	304,416	309,874	307,925	317,335	333,061	347,804	350,667	366,165	349,004	401,427
Water	60,030	62,792	57,769	62,189	68,281	70,912	73,742	71,738	69,303	76,475
Sewer	40,385	35,593	39,978	38,305	54,136	70,137	62,961	61,029	59,060	67,195
Airport	1,662	1,809	1,799	1,998	2,179	1,972	2,304	2,326	1,944	2,385
Refuse	20,831	20,007	21,652	21,953	22,082	24,205	26,549	28,428	28,449	32,777
Transportation	4,067	4,385	4,113	4,221	4,782	4,493	4,607	4,623	3,758	4,808
Public Parking	4,610	5,604	5,141	5,448	6,186	5,151	4,628	4,684	4,566	5,493
Civic Entertainment	-	-	-	-	19,995	24,151	21,584	11,885	21,804	27,698
Total business-type activities	**436,001**	**440,064**	**438,377**	**451,449**	**510,702**	**548,825**	**547,042**	**550,878**	**537,888**	**618,258**
Total primary government expenses	**$ 721,444**	**$ 719,956**	**$ 727,129**	**$ 760,643**	**$ 866,154**	**$ 886,921**	**$ 930,318**	**$ 966,751**	**$ 874,383**	**$ 1,012,309**
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	$ 13,775	$ 17,600	$ 24,944	$ 27,441	$ 24,605	$ 29,281	$ 25,698	$ 11,485	$ 13,721	$ 14,046
Public safety	7,444	7,256	3,243	1,167	1,880	2,443	2,138	7,649	14,491	14,963
Highways and streets	17,487	13,868	5,709	5,930	5,554	6,036	5,174	11,278	6,090	7,288
Cultural and recreation	7,406	16,319	12,458	22,802	6,078	7,465	5,050	3,694	6,770	6,790
Operating grants and contributions	14,341	12,869	16,321	19,374	22,548	23,966	21,779	64,405	50,378	59,368
Capital grants and contributions	48,433	43,904	31,216	7,617	18,039	27,450	19,945	28,284	38,508	34,305
Total governmental activities	**108,886**	**111,816**	**93,891**	**84,331**	**78,704**	**96,641**	**79,784**	**126,795**	**129,958**	**136,760**
Business-Type Activities:										
Charges for services:										
Electric	-	347,621	354,530	366,066	364,516	363,570	368,969	376,101	397,947	419,392
Water	68,691	66,051	57,250	62,627	66,828	65,177	70,167	80,252	80,535	78,703
Sewer	46,162	50,336	52,664	59,735	65,081	64,282	64,114	66,323	71,557	72,140
Airport	1,100	1,260	1,549	1,578	1,562	1,618	1,743	1,709	1,728	1,872
Refuse	20,677	21,360	21,806	22,567	23,085	23,004	25,109	26,468	29,768	31,477
Transportation	413	385	377	359	441	444	309	65	168	258
Public Parking	4,382	4,609	4,918	5,009	6,258	4,604	4,301	2,968	4,888	6,084
Civic Entertainment	-	-	-	-	16,393	16,977	12,233	1,381	11,883	18,158
Operating grants and contributions	2,524	3,869	2,322	3,751	3,374	3,093	3,473	3,976	5,866	4,374
Capital grants and contributions	11,486	8,027	18,868	24,151	26,957	10,607	13,979	12,273	20,527	15,483
Total business-type activities	**155,435**	**503,518**	**514,284**	**545,843**	**574,495**	**553,376**	**564,397**	**571,516**	**624,867**	**647,941**
Total primary government program revenues	**$ 264,321**	**$ 615,334**	**$ 608,175**	**$ 630,174**	**$ 653,199**	**$ 650,017**	**$ 644,181**	**$ 698,311**	**$ 754,825**	**$ 784,701**

(in thousands) Page 2 of 2

CITY OF RIVERSIDE
TABLE 2
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2014[1]	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Revenues/(Expenses)										
Governmental Activities	$ (176,557)	$ (168,076)	$ (194,861)	$ (224,863)	$ (276,748)	$ (241,455)	$ (303,492)	$ (289,078)	$ (206,537)	$ (257,291)
Business-Type Activities	(280,566)	63,454	75,907	94,394	63,793	4,551	17,355	20,638	86,979	29,683
Total primary government net revenues/(expenses)	**$ (457,123)**	**$ (104,622)**	**$ (118,954)**	**$ (130,469)**	**$ (212,955)**	**$ (236,904)**	**$ (286,137)**	**$ (268,440)**	**$ (119,558)**	**$ (227,608)**
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Sales taxes	$ 55,096	$ 59,437	$ 60,976	$ 75,883	$ 120,338	$ 130,645	$ 128,653	$ 150,321	$ 173,933	$ 177,722
Property taxes	51,323	54,864	55,545	59,526	63,515	69,478	72,609	71,986	79,790	84,751
Utility users' taxes	28,092	28,076	27,828	27,958	27,498	28,009	29,044	30,577	32,464	34,963
Franchise taxes	5,046	5,543	5,730	4,814	4,972	5,256	5,443	5,527	5,955	6,422
Transient occupancy taxes	4,189	5,280	6,093	6,622	6,793	7,163	5,959	5,801	8,764	8,587
Intergovernmental, unrestricted	263	3,153	477	145	172	156	656	499	661	467
Rental and investment income	2,759	3,233	729	6,145	5,187	7,500	10,185	4,969	(7,613)	8,817
Miscellaneous	5,425	12,395	11,708	2,050	4,278	-	9,146	5,988	3,876	10,331
Transfers	43,100	42,681	41,216	45,716	41,459	37,115	35,324	34,879	34,915	25,421
Total governmental activities	**195,293**	**214,662**	**210,302**	**228,859**	**274,212**	**285,322**	**297,019**	**310,547**	**332,745**	**357,481**
Business-Type Activities:										
Investment income	8,005	5,319	6,888	2,650	3,939	19,488	19,838	681	(13,324)	11,191
Miscellaneous	7,081	7,652	22,666	14,662	12,901	10,322	8,211	11,986	12,639	10,049
Extraordinary items	-	-	-	-	-	-	-	-	(5,748)	-
Transfers	(43,100)	(42,681)	(41,216)	(45,716)	(41,459)	(37,115)	(35,324)	(34,278)	(34,915)	(25,421)
Total business-type activities	**(28,014)**	**(29,710)**	**(11,662)**	**(28,404)**	**(24,619)**	**(7,305)**	**(7,275)**	**(21,611)**	**(41,348)**	**(4,181)**
Total primary government	**167,279**	**184,952**	**198,640**	**200,455**	**249,593**	**278,017**	**289,744**	**288,936**	**291,397**	**353,300**
Change in Net Position										
Governmental Activities	$ 18,736	$ 46,586	$ 15,441	$ 3,996	$ (2,536)	$ 43,867	$ (6,473)	$ 21,469	$ 126,208	$ 100,190
Business-Type Activities	(308,580)	33,744	64,245	65,990	39,174	(2,754)	10,080	(973)	45,631	25,502
Total primary government	**$ (289,844)**	**$ 80,330**	**$ 79,686**	**$ 69,986**	**$ 36,638**	**$ 41,113**	**$ 3,607**	**$ 20,496**	**$ 171,839**	**$ 125,692**

[1] The decrease in total business-type activities net position is primarily due to the power plant closure.

CITY OF RIVERSIDE
TABLE 3
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting) **(in thousands)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	$ 24,419	$ 23,642	$ 23,094	$ 26,168	$ 1,947	$ 949	$ 1,446	$ 1,870	$ 2,087	$ 2,115
Restricted	2,204	2,985	3,067	2,651	2,991	3,411	10,699	10,697	30,715	32,695
Committed	-	-	-	-	53,800	65,916	59,280	62,400	82,801	111,301
Assigned	14,505	13,965	9,922	14,968	23,242	26,984	21,260	24,890	41,707	35,566
Unassigned	37,732	39,059	29,495	39,283	7,644	23,907	41,184	59,790	69,908	71,700
Total general fund	**$ 78,860**	**$ 79,651**	**$ 65,578**	**$ 83,070**	**$ 89,624**	**$ 121,167**	**$ 133,869**	**$ 159,647**	**$ 227,218**	**$ 253,377**
All Other Governmental Funds										
Nonspendable	$ 1,460	$ 1,625	$ 1,619	$ 1,601	$ 4,855	$ 1,560	$ 1,510	$ 1,477	$ 1,495	$ 1,736
Restricted for:										
Housing and redevelopment	26,223	25,523	24,746	24,098	18,827	16,668	16,611	18,553	12,292	11,252
Debt service	26,177	26,203	26,221	6,455	11,509	6,825	11,210	11,292	11,679	14,059
Transportation and public works	54,876	36,347	36,876	34,178	43,499	91,379	84,413	78,884	87,073	121,543
Other purposes	321	2,326	3,628	4,145	3,451	5,505	5,984	6,275	7,351	8,783
Unassigned	-	-	-	(24)	-	-	(27)	-	(1,215)	-
Total all other governmental funds	**$ 109,057**	**$ 92,024**	**$ 93,090**	**$ 70,453**	**$ 82,141**	**$ 121,937**	**$ 119,701**	**$ 116,481**	**$ 118,675**	**$ 157,373**

Notes:

Certain reclassifications have been made to prior year balances to conform with current year's presentation.

CITY OF RIVERSIDE
TABLE 4
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting) **(in thousands)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Taxes	$ 143,748	$ 153,200	$ 156,172	$ 174,803	$ 223,116	$ 240,416	$ 241,708	$ 267,714	$ 300,906	$ 312,445
Licenses and permits	9,244	11,168	11,611	14,455	12,442	14,317	13,023	12,778	14,850	15,894
Intergovernmental	59,348	49,892	51,896	31,440	42,454	44,950	42,296	87,226	88,000	95,405
Charges for services	15,734	24,737	26,443	31,384	17,438	16,927	15,968	14,578	16,938	17,978
Fines and forfeitures	7,283	3,957	1,941	1,976	3,717	2,078	1,887	2,100	2,096	1,131
Special assessments	6,272	6,757	7,039	7,578	7,113	7,973	6,950	7,674	7,188	8,084
Rental and investment income	4,315	5,112	4,370	4,718	3,446	6,548	8,441	4,437	(6,533)	8,054
Miscellaneous	6,957	6,939	12,578	7,252	8,716	5,370	7,845	5,962	3,703	6,040
Total revenues	**$ 252,901**	**$ 261,762**	**$ 272,050**	**$ 273,606**	**$ 318,442**	**$ 338,579**	**$ 338,118**	**$ 402,469**	**$ 427,148**	**$ 465,031**
Expenditures:										
General government	$ 13,558	$ 17,799	$ 19,900	$ 20,650	$ 21,135	$ 18,880	$ 107,779	$ 30,887	$ 24,332	$ 27,263
Public safety	151,721	157,660	164,800	163,712	190,916	198,363	434,208	200,733	205,968	219,559
Highways and streets	16,944	16,594	17,416	17,504	19,207	20,927	22,254	16,897	18,805	22,324
Culture and recreation	34,275	37,527	39,583	40,643	29,382	30,528	28,825	28,391	33,065	39,491
Capital outlay	72,365	60,060	53,208	31,000	33,504	41,585	55,178	69,248	71,534	73,838
Debt service:										
Principal	45,500	49,101	51,987	72,700	21,904	37,867	23,761	24,475	28,126	31,984
Interest and fiscal charges	16,787	17,048	16,451	16,115	12,746	10,493	10,773	20,372	20,134	19,076
Bond issuance cost	843	172	180	29	24	854	1,185	-	-	-
Total expenditures	**$ 351,993**	**$ 355,961**	**$ 363,525**	**$ 362,353**	**$ 328,818**	**$ 359,497**	**$ 683,963**	**$ 391,003**	**$ 401,964**	**$ 433,535**
Excess/(deficiency) of revenue over/(under) expenditures	$ (99,092)	$ (94,199)	$ (91,475)	$ (88,747)	$ (10,376)	$ (20,918)	$ (345,845)	$ 11,466	$ 25,184	$ 31,496
Other Financing Sources/(Uses):										
Transfers in	$ 58,469	$ 61,510	$ 61,384	$ 94,521	$ 102,774	$ 94,771	$ 95,932	$ 112,907	$ 116,891	$ 155,256
Transfers out	(15,369)	(18,829)	(20,168)	(48,805)	(66,021)	(58,688)	(60,608)	(102,028)	(85,380)	(129,835)
Issuance of long-term debt	87,037	30,940	31,145	31,578	14,500	49,485	320,131	-	11,292	-
Proceeds from sale of capital assets	931	(114)	261	4,199	461	149	856	213	59	4,235
Issuance of debt related to leases and subscriptions	-	-	-	-	-	-	-	-	1,714	3,705
Capital lease financing	6,625	4,450	5,846	2,109	-	-	-	-		-
Bond premium/(discounts)	-	-	-	-	-	6,540	-	-	-	-
Total other financing sources/(uses)	**137,693**	**77,957**	**78,468**	**83,602**	**51,714**	**92,257**	**356,311**	**11,092**	**44,576**	**33,361**
Net changes in fund balances	$ 38,601	$ (16,242)	$ (13,007)	$ (5,145)	$ 41,338	$ 71,339	$ 10,466	$ 22,558	$ 69,760	$ 64,857
Debt services as a percentage of non-capital expenditures	21.803 %	22.360 %	21.714 %	26.625 %	11.999 %	15.143 %	5.428 % **(1)**	13.383 %	13.535 %	13.956 %

(1) Includes one-time payment of $318,944 to CalPERS to paydown the Unfunded Pension Liability for Miscellaneous and Safety personnel.

CITY OF RIVERSIDE
TABLE 5
BUSINESS-TYPE ACTIVITIES - ELECTRICITY REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting) **(in thousands)**

Fiscal Year	Residential Sales	Commercial Sales [1]	Industrial Sales [1]	Wholesale Sales	Other Sales	Transmission Revenue	Other Operating Revenue	Total Revenues
2014	$ 111,880	$ 67,063	$ 111,260	$ 115	$ 5,600	$ 32,630	$ 15,489	$ 344,037
2015	114,112	68,572	112,283	60	5,654	30,587	16,353	347,621
2016	116,997	69,759	113,756	3	4,737	32,924	16,354	354,530
2017	117,662	71,456	115,432	9	4,782	35,497	21,779	366,617
2018	115,630	73,971	112,264	2	4,792	37,484	8,860	353,003
2019	116,303	72,511	111,445	344	4,824	35,730	22,413	363,570
2020	121,162	71,570	113,132	-	4,849	34,817	23,438	368,968
2021	133,460	71,510	112,572	27	4,864	32,316	21,351	376,100
2022	134,403	75,899	122,684	89	4,891	32,245	27,736	397,947
2023	140,538	77,191	124,600	2,043	5,162	35,233	34,625	419,392

[1] Changes in fiscal years 2018, 2019, 2020 and 2021 reflect reclassification of certain Industrial and Commercial accounts related to contract accounts. Prior to fiscal year 2018, accounts were reflected under Industrial Sales.

CITY OF RIVERSIDE
TABLE 6
GOVERNMENTAL ACTIVITIES - TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(accural basis of accounting) **(in thousands)**

Fiscal Year	Sales Tax[1]	Property Tax[2]	Utility Users' Tax	Franchise Tax	Transient Occupancy Tax	Total Taxes
2014	$ 55,096	$ 51,323	$ 28,092	$ 5,046	$ 4,189	$ 143,746
2015	59,437	54,864	28,076	5,543	5,280	153,200
2016	60,976	55,545	27,828	5,730	6,093	156,172
2017	75,883	59,526	27,958	4,814	6,622	174,803
2018	120,338	63,515	27,498	4,972	6,793	223,116
2019	130,645	69,343	28,009	5,256	7,163	240,416
2020	128,653	72,609	29,044	5,443	5,959	241,708
2021	150,321	71,986	30,577	5,527	5,801	264,212
2022	173,933	79,790	32,464	5,955	8,764	300,906
2023	177,722	84,751	34,963	6,422	8,587	312,445

[1] Increase in sales tax in fiscal year 2017 is due to Measure Z which was passed by the voters November 2016 and became effective April 1, 2017. Measure Z is a one percent transaction and use tax.

[2] Decrease in property taxes in fiscal year 2013 relates to the dissolution of the Redevelopment Agency. Upon the dissolution of the Redevelopment Agency on February 1, 2012, property taxes received by the Successor Agency are reported in a private-purpose trust fund and therefore are excluded from the activities of the primary government.

CITY OF RIVERSIDE
TABLE 7
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS **(in thousands)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Apparel stores	$ 178,349	$ 188,670	$ 203,001	$ 214,852	$ 210,158	$ 212,036	$ 210,439	$ 147,176	$ 249,034	$ 232,964
General merchandise	463,355	475,147	477,903	478,538	465,490	470,386	465,234	426,500	617,257	460,364
Food stores	193,368	209,022	217,902	168,854	169,922	184,278	185,859	202,647	208,060	225,764
Eating and drinking places	447,841	483,901	533,317	582,262	609,705	639,995	677,763	587,403	788,765	875,980
Building materials	454,468	514,993	567,790	636,415	666,907	738,178	761,881	813,584	1,010,364	1,265,631
Auto dealers and supplies	1,280,633	1,461,217	1,548,385	1,608,231	1,588,854	1,621,311	1,672,475	1,728,498	2,084,828	2,111,240
Service stations	418,110	413,128	370,257	338,762	360,830	432,991	434,162	327,119	527,973	644,484
Other retail stores	550,157	595,305	633,089	692,375	677,850	666,659	636,043	609,428	764,854	743,571
All other outlets	1,154,492	1,312,607	1,461,982	1,474,160	1,481,019	1,700,733	1,701,236	1,995,760	2,099,827	2,545,362
Total	$ 5,140,773	$ 5,653,990	$ 6,013,626	$ 6,194,449	$ 6,230,735	$ 6,666,567	$ 6,745,092	$ 6,838,115	$ 8,350,962	$ 9,105,360

Notes:

Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Source: State of California Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, and HdL Companies.

CITY OF RIVERSIDE
TABLE 8
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS **(in thousands)**

Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Rate[1]
2014	$ 23,045,134	$ 1,201,634	$ (7,394,982)	$ 16,851,786	0.125
2015	24,482,621	1,329,391	(7,945,000)	17,867,012	0.124
2016	25,710,122	1,225,375	(8,432,984)	18,502,513	0.124
2017	26,927,989	1,311,356	(9,029,817)	19,209,528	0.124
2018	28,373,517	1,354,934	(9,791,810)	19,936,641	0.124
2019	30,196,815	1,420,597	(10,818,883)	20,798,529	0.124
2020	31,856,912	1,466,408	(10,946,897)	22,376,423	0.124
2021[2]	33,717,485	1,482,535	(11,915,468)	23,284,552	0.123
2022	35,353,418	1,736,131	(12,881,213)	24,208,336	0.123
2023	38,044,185	1,874,928	(14,108,558)	25,810,555	0.123

Notes:

In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above. Assessed valuations are based on 100 percent of estimated actual value.

[1] Total Direct Rate is the weighted average of all individual direct rates. Beginning in 2013/14, the Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas.

[2] Total Taxable Assessed Value for FY2020 was recorded as an estimate and has been restated to the actual amount per information from the Riverside County Auditor-Controller.

Source: Riverside County Auditor-Controller

CITY OF RIVERSIDE
TABLE 9
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER $100 OF ASSESSED VALUATION)
LAST TEN FISCAL YEARS

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Basic Levy[1]	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Unified School Districts Debt Service[2]	0.390	0.377	0.487	0.495	0.517	0.521	0.535	0.529	0.535	0.519
City of Riverside Debt Service	0.007	0.006	0.006	0.006	0.006	0.006	0.005	0.005	0.005	0.005
Metropolitan Water District Original Area	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004
Riverside City Community College Debt Service	0.018	0.018	0.017	0.016	0.016	0.015	0.015	0.015	0.015	0.015
Total direct & overlapping[3] tax rates	**1.419**	**1.405**	**1.514**	**1.521**	**1.543**	**1.546**	**1.559**	**1.553**	**1.559**	**1.543**
City's share of 1% levy per prop 13[4]	0.113	0.113	0.113	0.113	0.113	0.113	0.113	0.113	0.113	0.113
Voter approved City debt rate	0.007	0.006	0.006	0.006	0.006	0.006	0.005	0.005	0.005	0.005
Total direct rate[5]	0.125	0.124	0.124	0.124	0.124	0.124	0.124	0.123	0.123	0.122

Notes:

Amounts presented in this table have been restated for prior years to reflect the most current information available.

[1] In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

[2] Includes: Alvord Unified School District, Corona Norco Unified School District, Jurupa Unified School District, Moreno Valley Unified School District, and Riverside Unified School District.

[3] Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

[4] City's share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's levy has been subtracted where known.

[5] Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical information and excludes revenues derived from aircraft. Beginning in 2013/14, the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognize enforceable obligations assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

Source: Riverside County Assessor 2013/14 - 2022/23 Tax Rate Table.

CITY OF RIVERSIDE
TABLE 10
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO (in thousands)

Property Owner	2023 Taxable Assessed Valuation	2023 Rank	2023 Percentage of Total Taxable Assessed Value	2014 Taxable Assessed Valuation	2014 Rank	2014 Percentage of Total Taxable Assessed Value
Riverside Healthcare System	$ 317,875	1	0.83 %	$ 110,757	3	0.48 %
Tyler Mall LP	235,091	2	0.61 %	194,241	1	0.84 %
Nordstrom Inc	201,115	3	0.53 %	-		
CPT Riverside Plaza LLC	170,663	4	0.45 %	-		0.00 %
Rohr Inc	150,551	5	0.39 %	108,703	4	0.47 %
La Sierra University	141,373	6	0.37 %	136,505	2	0.59 %
TA Lance Drive LLC	135,715	7	0.35 %	-		
Corona Pointe Resort LLC	129,700	8	0.34 %	-		
490 Columbia	127,533	9	0.33 %			0.00 %
Smiths Food and Drug Centers Inc	108,392	10	0.28 %	-		
Cole ID Riverside California	-			93,330	5	0.40 %
State Street Bank and Trust Co of CA	-			91,636	6	0.40 %
Vestar Riverside Plaza LLC	-			84,860	7	0.37 %
Advanced Group 13 107	-			77,450	8	0.34 %
7450 Northrop Drive Apartments	-			73,297	9	0.32 %
Canyon Springs Marketplace Corporation	-			70,030	10	0.30 %
Totals	$ 1,718,008		4.49 %	$ 1,040,809		4.50 %

Notes:

The amounts shown above include assessed value data for both the City and the Successor Agency.

Source: Riverside County Assessor 2022/2023 and 2013/14 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

CITY OF RIVERSIDE
TABLE 11
PROPERTY TAXES LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(in thousands)

Fiscal Year Ended June 30	Taxes Levied for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	-	50,023	100.00%
2017	53,655	53,252	99.25%	-	53,655	100.00%
2018	57,567	57,173	99.32%	-	57,567	100.00%
2019	63,003	62,557	99.29%	-	63,003	100.00%
2020	66,295	65,729	99.15%	-	66,295	100.00%
2021	68,363	67,968	99.42%	-	68,363	100.00%
2022	71,892	71,573	99.56%	-	71,892	100.00%
2023	78,685	78,228	99.42%	-	78,228	99.42%

Notes:

The table reflects amounts related to the City. In addition, it includes amounts related to the Redevelopment Agency through dissolution (01/31/12). The amounts collected by the Redevelopment Agency include monies that were passed-though to other agencies. Current tax levies are the original charge as provided by the County of Riverside. Current tax collections do not include supplemental taxes, aircraft taxes or other property taxes.

The City adopted the Teeter plan available with the County of Riverside effective Fiscal year 2014. Under the Teeter plan, the County of Riverside has responsibility for the collection of delinquent taxes and the City receives 100% of the levy.

Source: Riverside County Auditor-Controller and City Finance Department

CITY OF RIVERSIDE
TABLE 12
ELECTRICITY SOLD BY TYPE OF CUSTOMER
LAST TEN FISCAL YEARS

(in millions of kilowatt-hours)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Type of Customer:										
Residential	700	711	726	730	727	722	722	783	759	786
Commercial[1]	421	428	438	448	476	460	442	430	443	440
Industrial[1]	997	995	982	996	970	947	931	890	923	920
Wholesale sales[2]	4	2	-	1	-	-	1	-	2	14
Other	30	31	23	23	22	21	18	18	19	15
Total	**2,152**	**2,167**	**2,169**	**2,198**	**2,195**	**2,150**	**2,114**	**2,121**	**2,146**	**2,175**
Total direct rate										
Monthly base rate *	18.06	18.06	18.06	18.06	18.06	19.41	20.63	21.84	23.20	24.55

* Includes a Reliability Charge

1 Changes in fiscal years 2018, 2019, 2020 and 2021 reflect reclassification of certain Industrial and Commercial accounts related to contract accounts. Prior to fiscal year 2018, accounts were reflected in the Industrial customer class.

2 For fiscal years 2016, 2018, 2019, and 2021 wholesale MWH was less than 1 MWH.

Source: Riverside Public Utilities, Finance Services

CITY OF RIVERSIDE
TABLE 13
ELECTRICITY RATES
LAST TEN FISCAL YEARS

(average rate in dollars per kilowatt-hour)

Fiscal Year Ended June 30	Residential	Commercial[1]	Industrial[1]	Other
2014	0.15995	0.15936	0.11156	0.18513
2015	0.16050	0.16022	0.11282	0.18291
2016	0.16119 *	0.15915 *	0.11577 *	0.20908 *
2017	0.16116 *	0.15958 *	0.11586 *	0.21287 *
2018	0.15910 *	0.15547 *	0.11570 *	0.21288 *
2019	0.16111 *	0.15768 *	0.11761 *	0.23448 *
2020	0.16774 *	0.16202 *	0.12149 *	0.26480 *
2021	0.17032 *	0.16636 *	0.12643 *	0.26659 *
2022	0.17707 *	0.17126 *	0.13295 *	0.26454 *
2023	0.17878 *	0.17528 *	0.13537 *	0.35779 *

1 Changes in fiscal years 2018, 2019, 2020 and 2021 reflect reclassification of certain Industrial and Commercial accounts related to contract accounts. Prior to fiscal year 2018, accounts were reflected in the Industrial customer class.

* Rate calculations were taken from the Sales Stats not the financial statements.

Does not include Public Benefits charge.

Source: Riverside Public Utilities, Finance Services

CITY OF RIVERSIDE
TABLE 14
TOP 10 ELECTRICITY CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

	2023			2014		
Electricity Customer	**Electricity Charges**	**Rank**	**Percent of Total Electric Revenues**	**Electricity Charges**	**Rank**	**Percent of Total Electric Revenues**
Local University	$ 13,261,512	1	3.82 %	$ 10,947,884	1	3.70 %
Local Government	8,255,373	2	2.38 %	8,335,217	2	2.82 %
Local Government	7,315,285	3	2.11 %	-		0.00 %
Local School District	5,118,539	4	1.47 %	4,189,035	4	1.42 %
Corporation	4,538,154	5	1.31 %	-		0.00 %
Corporation	3,800,280	6	1.09 %	3,315,738	6	1.12 %
Corporation	3,639,576	7	1.05 %	-		0.00 %
Hospital	3,388,624	8	0.98 %	2,453,555	8	0.83 %
Corporation	3,137,781	9	0.90 %	-		0.00 %
Local University	3,085,263	10	0.89 %	-		0.00 %
Local Government	-		0.00 %	7,386,521	3	2.50 %
Corporation	-		0.00 %	3,677,670	5	1.24 %
Corporation	-		0.00 %	2,775,346	7	0.94 %
Corporation	-		0.00 %	2,120,900	9	0.72 %
Corporation	-		0.00 %	2,113,037	10	0.71 %
Total	**$ 55,540,386**		**15.98 %**	**$ 47,314,904**		**16.00 %**
Retail sales per financial statements *	$ 347,490,345			$ 295,803,687		

Source: Riverside Public Utilities, Finance Services

* Financial Report - Riverside Public Utilities

CITY OF RIVERSIDE
TABLE 15
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(in thousands)

	Governmental Activities							
Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Pension Obligation Bonds[2]	Certificates of Participation	Financed Purchase	Notes/Loans Payable	Lease Liability	SBITA Liability
2014	$ 14,460	$ 42,344	$ 115,775	$ 191,446	$ 13,168	$ 47,611	$ -	$ -
2015	13,546	40,891	108,725	187,212	14,966	45,574	-	-
2016	12,567	39,398	101,000	181,429	12,006	43,482	-	-
2017	11,513	37,854	92,592	156,516	17,193	41,325	-	-
2018	10,388	36,246	60,883	150,800	25,647	1,746	-	-
2019	9,179	80,416	50,486	99,178	21,422	1,329	-	-
2020	7,874	75,964	364,633	94,802	18,207	899	-	-
2021	6,478	72,471	352,824	90,215	14,922	457	-	-
2022	4,987	68,855	338,264	85,477	22,294	-	1,060	-
2023	3,411	65,093	321,413	80,584	19,230	-	563	1,930

	Business-Type Activities										
Fiscal Year	Revenue Bonds	Notes/Loans Payable	Financed Purchase	Certificates of Participation[2]	Lease Revenue Bonds[3]	Lease Revenue Bonds[4]	Lease Liability	SBITA Liability	Total Primary Government	Debt Per Capita[1]	Debt Per Capita[1]
2014	$ 1,094,290	$ 36,030	$ 2,266	$ -	$ -	$ -	$ -	$ -	$ 1,557,390	22.00%	4.00
2015	1,239,634	37,225	1,720	-	-	-	-	-	1,689,493	24.00%	5.00
2016	1,208,851	37,793	4,694	-	-	-	-	-	1,641,220	23.00%	5.00
2017	1,180,345	35,255	6,209	-	-	-	-	-	1,578,802	22.00%	4.00
2018	1,139,864	78,583	6,821	18,324	-	-	-	-	1,529,302	20.00%	4.00
2019	1,241,743	73,673	5,192	14,775	29,692	7,867	-	-	1,634,952	21.00%	4.00
2020	1,212,914	69,519	3,633	119,625	28,483	7,473	-	-	2,004,026	24.00%	6.00
2021	1,176,605	64,678	2,354	116,227	27,213	7,059	-	-	1,931,503	22.00%	5.00
2022	1,139,100	59,948	2,176	110,718	25,912	6,625	787	-	1,866,203	20.00%	5.00
2023	1,163,676	55,070	1,476	103,705	24,582	6,168	563	86	1,847,550	20.40%	5.89

[1] These ratios are calculated using personal income and population data for the prior calendar year.

[2] In 2018, the 2005 and 2017 Taxable Pension Obligation Bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency.

[3] In 2019, the 2008 Certificates of Participation were distributed between Governmental Activities and Business-Type Activities.

[4] In 2019, the 2012 Lease Revenue Refunding Bonds were distributed between Governmental Activities, Business-Type Activities, and the Successor Agency.

Source: City of Riverside Notes to Financial Statements and Statistical Table 20.

CITY OF RIVERSIDE
TABLE 16
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Pension Bonds	Certificates of Participation	Total Obligated Debt Outstanding	Less: Amounts Available in Debt Service Fund	Net Obligated Debt Outstanding	Percent of Assessed Value[1]	Per Capita[2]
2014	$ 14,460	$ 115,775	$ 191,446	$ 321,681	$ (27,996)	$ 293,685	1.74 %	935
2015	13,546	108,725	187,212	309,483	(9,295)	300,188	1.68 %	955
2016	12,567	101,000	181,429	294,996	(27,997)	266,999	1.44 %	822
2017	11,513	92,592	156,516	260,621	(8,339)	252,282	1.31 %	772
2018	10,388	60,883	150,800	222,071	(13,546)	208,525	1.05 %	640
2019	9,179	50,486	99,178	158,843	(9,051)	149,792	0.72 %	457
2020	7,874	364,633	94,802	467,309	(11,210)	456,099	2.04 %	1,390
2021	6,478	352,824	90,215	449,517	(11,292)	438,225	1.88 %	1,351
2022	4,987	338,264	85,477	428,728	(11,679)	417,049	1.72 %	1,312
2023	3,411	321,413	80,584	405,408	(14,059)	391,349	1.52 %	1,248

Notes:

General bonded debt is debt payable with governmental fund and enterprise fund resources.

[1] Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

[2] These ratios are calculated using population data for the prior calendar year.

Source: City of Riverside Notes to Financial Statements, Statistical Table 8, Statistical Table 15, and Reserve Cash Reconciliation maintained by City Finance Department.

2022-23 Assessed Valuation:	$	38,008,158,400
Less Dissolved Redevelopment Agency Incremental Valuation:		12,197,603,242
Adjusted Assessed Valuation:	$	25,810,555,158

	Total Debt	% Applicable	City's Share of Debt[1]
Overlapping debt repaid with property taxes			
Metropolitan Water District	$ 19,215,000	1.053 %	$ 202,334
Riverside County Flood Control, Zone 4	5,380,000	1.703	91,621
Riverside City Community College District	291,274,397	27.526	80,176,191
Alvord Unified School District	267,702,056	72.800	194,887,097
Riverside Unified School District	382,460,000	84.132	321,771,247
Corona-Norco Unified School District	484,011,917	0.001	4,840
Jurupa Unified School District	146,547,972	0.002	2,931
Moreno Valley Unified School District	290,606,643	9.597	27,889,520
Alvord Unified School District Community Facilities District No.2006-1	5,940,000	73.302	4,354,139
Riverside Unified School District Community Facilities Districts	67,600,000	88.837-100	67,506,789
City of Riverside Community Facilities Districts	24,585,000	100.000	24,585,000
City of Riverside 1915 Act Bonds	14,395,000	100.000	14,395,000
Total overlapping debt repaid with property taxes			**$ 735,866,709**

(Continued)

Other overlapping debt[2]			
Riverside County General Fund Obligations	$ 686,776,829	10.570 %	$ 72,592,311
Riverside County Pension Obligations	748,540,000	10.570	79,120,678
Riverside City Community College District Certificates of Participation	24,550,000	27.526	6,757,633
Corona-Norco Unified School District General Fund Obligations	19,421,607	0.001	194
Jurupa Unified School District Certificates of Participation	47,341,612	0.002	947
Moreno Valley Unified School District Certificates of Participation	4,895,000	9.597	469,773
Riverside Unified School District General Fund Obligations	11,052,000	84.132	9,298,269
Western Municipal Water District General Fund Obligations	4,075,058	32.407	1,320,604
Total other overlapping debt			169,560,409
Overlapping tax increment debt			171,664,176
Total overlapping debt			1,077,091,294
City direct debt			492,224,000 **(3)**
Combined total direct and overlapping debt			$ 1,569,315,294

(1) Debt balances are as of June 30, 2023.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, non-bonded capital lease obligations.

(3) Excludes debt related to Business-Type Activities.

Ratios to 2022-23 Assessed Valuation:
Total debt repaid with property taxes……………………….…..... 1.94 %
City direct debt $492,224,000 ....……...………….…………...…. 1.30 %
Combined total direct and overlapping debt………………........... 4.13 %

Ratios to dissolved redevelopment incremental valuation $(12,197,603,242):
Total overlapping tax increment debt…………………………….. 1.41 %

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Source: California Municipal Statistics, Inc., Riverside County Auditor-Controller, City Finance Department, and Statistical Table 8.

CITY OF RIVERSIDE
TABLE 18
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

(in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed valuation	$ 16,851,786	$ 17,867,012	$ 18,502,513	$ 19,209,528	$ 19,936,641	$ 20,798,529	$ 22,376,423	$ 23,284,552	$ 24,208,336	$ 25,810,555
Conversion percentage	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %
Adjusted assessed valuation	4,212,947	4,466,753	4,625,628	4,802,382	4,984,160	5,199,632	5,594,106	5,821,138	6,052,084	6,452,639
Debt limit percentage	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %
Debt limit	631,942	670,013	693,844	720,357	747,624	779,945	839,116	873,171	907,813	967,896
Total net debt applicable to limit	14,460	13,546	12,567	11,513	10,388	9,179	7,874	6,478	4,987	3,411
Legal debt margin	$ 617,482	$ 656,467	$ 681,277	$ 708,844	$ 737,236	$ 770,766	$ 831,242	$ 866,693	$ 902,826	$ 964,485
Total net debt applicable to the limit as a percentage of debt limit	**2.3 %**	**2.0 %**	**1.8 %**	**1.6 %**	**1.4 %**	**1.2 %**	**0.9 %**	**0.7 %**	**0.5 %**	**0.4 %**

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City of Riverside, Statistical Table 8, Statistical Table 15, and Notes to Financial Statements.

CITY OF RIVERSIDE
TABLE 19
PLEDGED-REVENUE COVERAGE
BUSINESS-TYPE ACTIVITY DEBT
LAST TEN FISCAL YEARS

(in thousands)

Fiscal Year	Electric Revenue Bonds: Pledged Revenue[1]	Less: Operating Expenses[1]	Net Available Revenue	Debt Service: Principle	Debt Service: Interest	Coverage	Water Revenue Bonds: Pledged Revenue[1]	Less: Operating Expenses[1]	Net Available Revenue	Debt Service: Principal	Debt Service: Interest	Coverage
2014	$ 347,541	$ 241,136	$ 106,405	$ 21,632	$ 27,575	2.16	$ 71,317	$ 37,698	$ 33,619	$ 4,574	$ 8,536	2.56
2015	348,244	250,578 *	97,666	15,485	26,532	2.32	66,010	36,725 *	29,285	5,258	8,342	2.15
2016	371,029	249,607 *	121,422	16,460	25,780	2.87	60,047	35,608 *	24,439	5,533	8,063	1.80
2017	368,956	251,998 *	116,958	14,032	25,553	2.95	65,689	37,956 *	27,733	5,486	8,124	2.04
2018	368,116	257,785 *	110,331	15,675	25,045	2.71	71,054	40,737 *	30,317	6,098	8,049	2.14
2019	374,510	279,394 *	95,116	16,449	26,017	2.24	69,965	44,547 *	25,418	6,362	8,780	1.68
2020	378,391	277,064 *	101,327	11,641	26,992	2.62	74,343	45,825 *	28,518	6,139	9,671	1.80
2021	373,663	284,293 *	89,370	17,364	27,559	1.99	83,510	45,896 *	37,614	7,007	9,685	2.25
2022	391,860	298,221 *	93,639	19,339	26,689	2.03	85,163	47,177 *	37,986	7,715	9,353	2.23
2023	425,941	332,901 *	93,040	20,985	25,415	2.01	85,058	48,696 *	36,362	8,278	10,570	1.93

Fiscal Year	Sewer Revenue Bonds: Pledged Revenue[1]	Less: Operating Expenses[1]	Net Available Revenue	Debt Service: Principal	Debt Service: Interest	Coverage
2014	52,098	28,930	23,168	7,753	10,781	1.25
2015	51,288	27,598	23,690	8,056	10,958	1.25
2016	68,412	31,864	36,548	8,405	20,786	1.25
2017	78,337	29,921	48,416	9,010	19,621	1.69
2018	68,735	31,513	37,222	9,184	19,136	1.31
2019	71,787	34,084	37,703	14,766	14,455	1.29
2020	70,365	33,704	36,661	8,634	18,434	1.35
2021	66,421	31,431	34,990	9,599	17,032	1.31
2022	69,422	29,640	39,782	9,966	16,575	1.50
2023	73,923	38,171	35,752	9,770	15,466	1.42

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements

The City of Riverside does not have any pledged revenue related to Govermental Activities.

[1] Amounts have been calculated in accordance with the provisions set forth in the debt covenants. Total operating expenses exclusive of depreciation. Pledged revenue includes applicable cash set aside in a rate stabilization account in accordance with applicable bond covenants.

* Excludes non-cash pension expense.

CITY OF RIVERSIDE
TABLE 20
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Calendar Year	Population[1]	Personal Income[2] (in thousands)	Per Capita Personal Income[2]	Unemployment Rate[3]
2013	314,034	6,909,376	22,002	8.4
2014	314,221	6,857,559	21,824	7.9
2015	324,696	6,953,323	21,415	6.4
2016	326,792	7,139,080	21,846	5.8
2017	325,860	7,349,024	22,553	5.1
2018	328,101	7,674,374	23,390	3.8
2019	328,155	8,102,150	24,690	3.6
2020	324,302	8,496,064	26,198	9.0
2021	317,847	8,891,501	27,974	6.7
2022	313,676	9,058,788	28,879	3.8

Sources:

[1] California State Department of Finance.

[2] Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries. Demographic Estimates for 2010 and later are per the U.S. Cenus Bureau most recent American Community Survey.

[3] State of California Employment Development Department.

CITY OF RIVERSIDE
TABLE 21
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2023			2014		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
County of Riverside	24,399	1	17.7%	11,187	1	7.6%
University of California, Riverside	8,831	2	6.4%	7,218	2	4.9%
March Air Force Reserve	9,750	3	7.1%			
Kaiser Permanente	7,610	4	5.5%	3,156	4	2.1%
Riverside Unified School District	4,505	5	3.3%	3,461	3	2.4%
City of Riverside	2,457	6	1.8%	2,476	5	1.7%
Riverside Community Hospital	2,993	7	2.2%	1,880	6	1.3%
Riverside Community College District	1,900	8	1.4%	1,061	10	0.7%
Alvord Unified School District	1,824	9	1.3%	1,445	8	1.0%
California Baptist University	1,355	10	1.0%			
Riverside County Office of Eduation				1,765	7	1.2%
Parkview Community Hospital				1,350	9	0.9%
Total	65,624		47.7%	34,999		23.8%

Source: City of Riverside, Economic Development Department

CITY OF RIVERSIDE
TABLE 22
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2014	2015[1]	2016	2017	2018	2019	2020	2021	2022	2023
Function										
General government	356.25	361.25	394.24	417.55	430.05	453.80	458.30	460.30	462.05	485.05
Public safety (sworn and non-sworn personnel)										
Police	551.75	553.75	554.75	512.00	543.00	557.00	571.00	585.00	604.00	626.00
Fire	255.00	255.00	251.00	239.00	242.00	245.00	248.00	251.00	250.00	252.00
Highways and streets	333.48	308.00	308.00	272.00	273.00	271.00	271.00	270.00	271.00	273.00
Sanitation	59.00	57.00	59.00	59.00	59.00	59.00	59.00	62.00	62.00	62.00
Culture and recreation	269.98	274.45	286.75	276.23	276.98	276.07	284.07	283.60	287.86	284.60
Airport	6.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Water	182.15	181.15	181.15	174.15	158.65	158.65	158.65	164.50	164.50	164.00
Electric	462.50	464.50	466.50	471.75	489.25	475.25	475.25	466.25	468.50	473.00
Total	2,476.11	2,461.10	2,507.39	2,428.68	2,478.93	2,502.77	2,532.27	2,549.65	2,576.91	2,626.65

[1] In fiscal year 2013/14, the City Council deleted a number of long-term unfunded positions.

Source: City of Riverside, Finance Department, FY 2022/23 Budget Master Personnel Detail

CITY OF RIVERSIDE
TABLE 23
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Arrests	9,321	10,310	9,242	8,358	8,423	8,295	7,738	8,089	7,667	8,095
Fire:										
Number of calls answered	30,668	32,943	35,905	36,150	38,501	37,739	37,999	31,918	38,801	45,073
Inspections	12,476	8,770	6,636	6,482	6,519	5,584	7,987	7,175	9,244	6,662
Public Works:										
Street resurfacing (miles)	35.38	38.75	39.01	27.09	17.37	16.50	18.80	7.30	17.35	14.60
Parks and Recreation:										
Number of recreation classes	45,707	43,007	53,907	53,308	54,025	54,069	34,366	525	856[1]	28,888[2]
Number of facility rentals	46,432	44,363	47,772	48,097	46,904	66,846	45,741	324	374[1]	1,391
Water:										
Number of accounts	64,829	65,102	65,094	65,428	65,640	65,803	66,031	66,198	66,372	66,441
Annual consumption (ccf)	28,887,304	26,007,490	22,529,463	25,340,729	27,514,374	25,827,721	25,526,021	28,625,382	26,845,583	23,667,466
Electric:										
Number of accounts	108,358	108,388	108,776	109,274	109,619	110,480	111,161	111,711	112,328	112,751
Annual consumption (millions of kwh)	2,152	2,167	2,170	2,197	2,195	2,150	2,115	2,122	2,145	2,175
Sewer:										
New connections	17,274	17,553	17,669	17,654	17,551	17,540	17,593	17,602	17,588	17,575
Average daily sewage treatment (millions of gallons)	28.49	27.15	26.35	27.19	26.16	26.86	25.22	25.30	26.01	26.98

[1] Reduction is due to the affects of the COVID-19 pandemic.

[2] Increase due to return to full operations.

Source: City of Riverside, various departments

CITY OF RIVERSIDE
TABLE 24
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function:										
Public Safety:										
Police:										
Stations	3	3	3	3	3	3	3	3	4	4
Substations	4	4	4	4	5	4	5	4	1	1
Helicopters	4	3	3	3	3	2	2	2	2	2
Airplane	0	0	0	0	0	1	1	1	1	1
Fire:										
Stations	14	14	14	14	14	14	14	14	14	14
Active apparatus	28	28	31	33	32	33	55	32	32	38
Reserve apparatus	11	11	8	9	9	9	13	9	10	13
Training facilities	1	1	1	1	1	1	1	1	1	1
Highways and streets:										
Streets (miles)	868.89	871.19	872.16	872.22	872.01	872.24	872.10	872.35	891.28	893.28
Streetlights	29,949	29,968	299,986	30,427	30,467	30,479	30,445	30,489	30,489	30,745
Signalized intersections	365	367	386	381	382	384	392	397	408	408
Culture and Recreation:										
Parks acreage	2,891.0	2,911.8	2,926.8	2,983.0	2,983.0	2,988.0	2,988.0	2,988.0	2,988.0	3,010.5
Community centers	11	11	11	11	11	11	11	11	12	14
Playgrounds	43	44	44	46	46	46	46	46	43	43
Swimming pools	7	7	7	7	7	7	7	7	7	7
Softball and baseball diamonds	44	44	44	44	44	44	44	44	44	44
Library branches	8	8	8	8	8	8	8	8	8	8
Museum exhibit-fixed	3	3	4	5	5	- [1]	1 [1]	0 [1]	-	1
Museum exhibit-special	4	4	5	6	6	1 [1]	4 [1]	3 [1]	1	5
Water:										
Fire hydrants	7,726	7,754	7,758	7,908	7,952	8,173	8,192	9,304	8,012	8,023
Sewer:										
Sanitary sewers (miles)	829	829	820	829	827	820	820	820	853	853
Electric:										
Miles of overhead distribution system	513.0	513.0	513.0	513.0	513.0	514.0	514.0	513.0	513.0	513.0
Miles of underground system	810.0	814.0	815.0	817.0	826.0	831.0	834.0	838.0	838.0	842.0

[1] The decrease in total numbers of Museum's exhibits is due to the closure of the Riverside Metropolitan Museum for expansion and renovation.

Source: City of Riverside, various departments

CITY OF RIVERSIDE

City of Arts & Innovation

3900 Main Street
Riverside, CA 92522

ExploreRiverside.com

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

[Date of Delivery]

Riverside Public Financing Authority
Riverside, California

Re: $19,500,000 Riverside Public Financing Authority Lease Revenue Bonds, Series 2024A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the sale and issuance by the Riverside Public Financing Authority (the "Authority") of $19,500,000 aggregate principal amount of the Riverside Public Financing Authority Lease Revenue Bonds, Series 2024A (the "Series 2024A Bonds"). The Series 2024A Bonds are being issued pursuant to the Indenture dated as of August 1, 2012, as amended and supplemented by the First Supplemental Indenture dated as of June 1, 2019, and a Second Supplemental Indenture, dated as of October 1, 2024 (collectively, the "Indenture"), each by and among the Authority, the City of Riverside (the "City") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Series 2024A Bonds are payable, in part, from Base Rental Payments made by the City pursuant to the terms of a Lease Agreement dated as of August 1, 2012, as amended and supplemented by the First Supplement to Lease Agreement, dated as of June 1, 2019, and a Second Supplemental to Lease Agreement, dated as of October 1, 2024 (collectively, the "Lease"), each by and between City and the Authority. Capitalized terms not defined herein shall have the meanings set forth in the Indenture.

The Series 2024A Bonds are dated their date of delivery, have been issued for the purposes set forth in the Indenture in fully registered form, bear interest from their dated date at the rates described in, and mature and are subject to redemption prior to maturity in the manner and upon the terms and conditions as set forth in, the Indenture. The description of the Series 2024A Bonds and other statements concerning the terms and conditions of the issuance of the Series 2024A Bonds set forth herein do not purport to set forth all of the terms and conditions of the Series 2024A Bonds or of any other document relating to the issuance of the Series 2024A Bonds, but are intended only to identify the Series 2024A Bonds and to describe briefly certain features thereof. This opinion shall not be deemed or treated as an offering circular, prospectus or official statement, and is not intended in any way to be a disclosure document used in connection with the sale or delivery of the Series 2024A Bonds.

In rendering the opinions set forth below, we have examined certified copies of the proceedings of the Authority and the City, and other information submitted to us relative to the issuance and sale by the Authority of the Series 2024A Bonds. We have examined originals, or copies identified to our satisfaction as being true copies, of the Indenture, the Lease, the Ground Lease dated as of August 1, 2012, as amended and supplemented by the First Supplement to Ground Lease, dated as of June 1, 2019, and the Second Supplement to Ground Lease, dated as of October 1, 2024 (collectively, the "Ground Lease"), each by and between the City and the Authority, the Assignment Agreement dated as of August 1, 2012, as amended and supplemented by the First Supplement to Assignment Agreement, dated as of June 1, 2019, and the Second Supplement to Assignment Agreement, dated as of October 1, 2024 (collectively, the "Assignment Agreement"), each by and between the Authority and the Trustee, the Tax Certificate relating to the Series 2024A Bonds (the "Tax Certificate"), the resolutions of the Authority and the City adopted on September 17, 2024 with respect to the Series 2024A Bonds, opinions of counsel to the City and the Authority, certificates of the City, the Authority and others, and such other documents, agreements, opinions and matters as we have considered necessary or appropriate under the circumstances to render the opinions set forth herein.

We have assumed the genuineness of all documents and signatures presented to us, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the preceding paragraphs of this opinion. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Lease, the Ground Lease, the Assignment Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause the interest on the Series 2024A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2024A Bonds, the Indenture, the Lease, the Ground Lease, the Assignment Agreement and the Tax Certificate may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Series 2024A Bonds, the Indenture, the Lease, the Ground Lease or the Assignment Agreement, nor do we express any opinion with respect to the state or quality of title to any of the real or personal property described in the Lease, the Ground Lease or the Assignment Agreement, or the accuracy or sufficiency of the description of any such property contained therein.

Our opinion is limited to matters governed by the laws of the State of California and federal income tax law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

Based on and subject to the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

1. The Series 2024A Bonds constitute the valid and binding limited obligations of the Authority.

2. The Indenture has been duly authorized, executed and delivered by, and constitutes a valid and binding obligation of, the Authority and the City. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Series 2024A Bonds issued thereunder, of the Base Rental Payments and any other amounts held by the Trustee in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund established pursuant to the Indenture, except the Rebate Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Ground Lease and the Lease have been duly authorized and executed by the Authority and the City and constitute valid and binding agreements of the parties thereto. The Assignment Agreement has been duly authorized and executed by the Authority and, assuming due execution by the Trustee, constitutes a valid and binding agreement of the Authority. The obligation of the City to pay Base Rental Payments during the term of the Lease constitutes a valid and binding obligation of the City provided that such Base Rental Payments are payable only from funds of the City legally available therefor.

4. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Series 2024A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; individuals; however, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Series 2024A Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

5. Interest (and original issue discount) on the Series 2024A Bonds is exempt from personal income taxes imposed in the State of California.

6. The difference between the issue price of a Series 2024A Bond (the first price at which a substantial amount of the Series 2024A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Series 2024A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Series 2024A Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Series 2024A Bond Owner will increase the Series 2024A Bond Owner's basis in the applicable Series 2024A Bond. Original issue discount that accrues to the Series 2024A Bond Owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals (as described in paragraph 5 above) and is exempt from State of California personal income tax.

7. The amount by which a Series 2024A Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2024A Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Code; such amortizable Series 2024A Bond premium reduces the Series 2024A Bond Owner's basis in the applicable Series 2024A Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Series 2024A Bond premium may result in a Series 2024A Bond Owner realizing a taxable gain when a Series 2024A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2024A Bond to the Owner.

Except as set forth in paragraphs 4 through 7 above, we express no opinion as to any tax consequences related to the Series 2024A Bonds. Other provisions of the Code may give rise to adverse federal income tax consequences to particular owners of the Series 2024A Bonds. The scope of this opinion is limited to matters addressed above and no opinion is expressed hereby regarding other federal tax consequences that may arise due to ownership of the Series 2024A Bonds.

Certain agreements, requirements and procedures contained or referred to in the Indenture, the Lease, the Ground Lease, the Assignment Agreement and the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2024A Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion herein as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Series 2024A Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur, and we disclaim any obligation to update this opinion. Our engagement as Series 2024A Bond Counsel terminates upon the issuance of the Series 2024A Bonds.

The scope of our engagement in relation to the issuance of the Series 2024A Bonds has been limited solely to the examination of facts and law incident to rendering the opinions expressed herein. We have not been engaged or undertaken to review, confirm or verify, and therefore express no opinion herein as to, the accuracy, completeness, fairness or sufficiency of any of the statements in the Official Statement or any exhibits or appendices thereto or any other offering material relating to the Series 2024A Bonds. In addition, we have not been engaged to and therefore express no opinion as to the compliance by the Authority or the underwriter with any federal or state statute, regulation or ruling with respect to the sale or distribution of the Series 2024A Bonds.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Riverside (the "City") in connection with the issuance by the Riverside Public Financing Authority (the "Authority") of its $19,500,000 Lease Revenue Bonds, Series 2024A (the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of August 1, 2012, as supplemented by a First Supplemental Indenture, dated as of June 1, 2019, and a Second Supplemental Indenture, dated as of October 1, 2024 (collectively, the "Indenture"), each by and among the Authority, the City and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The City covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report." The term "Annual Report" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner." The term "Beneficial Owner" means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

"EMMA." The term "EMMA" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at http://emma.msrb.org/.

"Financial Obligation." The term "Financial Obligation" means (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as such term is defined in the Rule) has been provided to EMMA consistent with the Rule.

"Fiscal Year." The term "Fiscal Year" means the one-year period ending on the last day of June of each year.

"Holder." The term "Holder" means a registered owner of the Bonds.

"Listed Events." The term "Listed Events" means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

"Official Statement." The term "Official Statement" means the Official Statement dated September 25, 2024 relating to the Bonds.

"Participating Underwriter." The term "Participating Underwriter" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule." The term "Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The City shall provide not later than each March 31 following the end of the City's Fiscal Year (commencing with the Fiscal Year ended June 30, 2024) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the City is unable to provide to EMMA an Annual Report by the date required in subsection (a), the City shall send in a timely manner to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) audited financial statements of the City for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) To the extent not included in the audited financial statements provided pursuant to the foregoing Section 4(a), the Annual Report shall contain updates to the following information from Appendix A to the Official Statement:

(i) Table 2, containing information about the City's General Fund balance sheet;

(ii) Tables 3 and 7, containing information concerning the actual revenues, expenditures and beginning and ending fund balances relating to the General Fund of the City, and showing tax revenue collections by sources;

(iii) Table 5, containing only the General Fund adopted budget information (and not projected actual information)

(iv) Table 11, containing information about assessed values of taxable property;

(v) Table 12, containing information about principal property taxpayers;

(vi) Table 13, showing property tax levies and collections, only if and for so long as the City is not covered by the County's Teeter Plan;

(vii) Table 14, containing information showing the aggregate principal amount of long-term bonds, leases and other obligations of the City which are payable out of the General Fund of the City; and

(vii) Tables 16 and 17, containing information on the City's funding status and contribution rates with respect to its PERS retirement plans.

The items described above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to EMMA; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the City shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;

2. unscheduled draws on debt service reserves reflecting financial difficulties;

3. unscheduled draws on credit enhancements reflecting financial difficulties;

4. substitution of credit or liquidity providers, or their failure to perform;

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);

6. tender offers;

7. defeasances;

8. ratings changes;

9. bankruptcy, insolvency, receivership or similar proceedings; Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person; and

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;

2. modifications to the rights of security holders;

3. optional, unscheduled or contingent Bond redemptions;

4. release, substitution or sale of property securing repayment of the securities;

5. non-payment related defaults;

6. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) If the City determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the City shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Termination of Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule, taking into account any subsequent change in or official interpretation of the Rule.

8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

9. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, or any Holders or Beneficial Owners of at least 50% aggregate principal amount of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: October 17, 2024

CITY OF RIVERSIDE

By: ______________________________

Its: Assistant City Manager/Chief Financial Officer/Treasurer

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2024A Bonds, payment of principal, premium, if any, accreted value and interest on the Series 2024A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2024A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2024A Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings highest rating: "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated herein by reference.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, redemption price and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

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