NEW ISSUE—BOOK-ENTRY ONLY **RATING: S&P: "AA-" (stable outlook)**
(See "RATING" herein)

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is exempt from California personal income taxes. See "TAX MATTERS."

$36,740,000
RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, 2016 SERIES A

$3,245,000
RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, 2016 SERIES A-T (FEDERALLY TAXABLE)

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

The Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds, 2016 Series A (the "Tax-Exempt Bonds") and the Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds, 2016 Series A-T (Federally Taxable) (the "Taxable Bonds," and, together with the Tax-Exempt Bonds, the "Bonds") are payable from lease payments (the "Lease Payments") to be made by the County of Riverside (the "County") for the right to use certain real property consisting of the County's Mecca Community Library and Sheriff's Office, the North Palm Springs Multi-Service Center, the Palm Desert Sheriff Station and the Rubidoux Family Care Center (the "Property") pursuant to a Lease Agreement, dated as of October 1, 2016 (the "Lease Agreement"), by and between the County, as lessee, and the Riverside County Infrastructure Financing Authority (the "Authority"), as lessor. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." The Bonds are being issued to provide funds to (i) refund the outstanding Riverside County Palm Desert Financing Authority Lease Revenue Bonds (County Facilities Projects) 2008 Series A (the "Prior Bonds"), (ii) finance the acquisition, construction and installation of certain capital improvements to be owned and operated by the County, and (iii) pay the costs incurred in connection with the issuance of the Bonds. See "THE PROJECT" and "THE REFUNDING PLAN." The County has covenanted under the Lease Agreement to make all Lease Payments provided for therein, to include all such payments in its annual budgets, and to make all the necessary annual appropriations for such Lease Payments. The County's obligation to make Lease 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 County's right to use and occupy any portion of the Property. See "RISK FACTORS—Abatement."

The Authority is not funding a debt service reserve with respect to the Bonds.

The Bonds will be issued pursuant to an Indenture of Trust, dated as of October 1, 2016 (the "Indenture") by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). The 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 Bonds is payable semiannually on May 1 and November 1 of each year, commencing May 1, 2017. Purchasers will not receive certificates representing their interest in the 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 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 Bonds. See "THE BONDS—Book-Entry Only System" herein.

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS—Redemption."

The Bonds are special obligations of the Authority, payable solely from Lease Payments and other funds pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the County or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

The obligation of the County to make the Lease Payments does not constitute a debt of the County 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 County or the State of California is obligated to levy or pledge any form of taxation or for which the County or the State of California has levied or pledged any form of taxation. The Authority has no power to tax.

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 Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their validity by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Stradling Yocca Carlson and Rauth, a Professional Corporation, Newport Beach, California, is acting as Disclosure Counsel to the County. Certain legal matters will be passed upon for the County and the Authority by the County Counsel, and for the Underwriter by Kutak Rock LLP, Los Angeles, California. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in New York, New York on or about October 4, 2016.

RAYMOND JAMES®

Dated: September 8, 2016

MATURITY SCHEDULES

$36,740,000
RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, 2016 SERIES A

Maturity Date (November 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP*[†]
2017	$ 435,000	2.000%	0.620%	101.476	76913DAV9
2018	460,000	3.000	0.780	104.560	76913DAW7
2019	2,145,000	4.000	0.900	109.380	76913DAX5
2020	2,235,000	4.000	1.000	111.949	76913DAY3
2021	2,325,000	4.000	1.140	114.062	76913DAZ0
2022	2,420,000	4.000	1.290	115.784	76913DBA4
2023	2,520,000	4.000	1.430	117.233	76913DBB2
2024	2,620,000	4.000	1.570	118.360	76913DBC0
2025	2,730,000	4.000	1.700	119.265	76913DBD8
2026	2,840,000	4.000	1.820	119.983	76913DBE6
2027	2,955,000	4.000	1.940	118.768 [C]	76913DBF3
2028	3,075,000	4.000	2.080	117.369 [C]	76913DBG1
2029	3,200,000	4.000	2.210	116.086 [C]	76913DBH9
2030	3,335,000	4.000	2.320	115.014 [C]	76913DBJ5
2031	3,445,000	2.500	2.740	97.051	76913DBK2

$3,245,000
RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, 2016 SERIES A-T (FEDERALLY TAXABLE)

Maturity Date (November 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP*[†]
2017	$1,620,000	1.180%	1.180%	100.000	76913DBL0
2018	1,625,000	1.340	1.340	100.000	76913DBM8

[C] *Priced to first optional call date of November 1, 2026 at par.*

[†] *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright © 2016 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by Standard & Poor's CUSIP Service Bureau. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. None of the County, the Authority or the Underwriter guarantee the accuracy of the CUSIP data.*

COUNTY OF RIVERSIDE

County Executive Office
4th Floor
4080 Lemon Street
Riverside, California 92501

Board of Supervisors and Authority Board

John Benoit, Fourth District, Chairman
Kevin Jeffries, First District
John Tavaglione, Second District
Chuck Washington, Third District
Marion Ashley, Fifth District

County Officials

Jay Orr, County Executive Officer
Don Kent, Treasurer-Tax Collector
Paul Angulo, Auditor-Controller
Peter Aldana, Assessor-County Clerk-Recorder
Gregory P. Priamos, County Counsel
Paul McDonnell, Finance Director

SPECIAL SERVICES

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Municipal Advisor

C.M. de Crinis & Co., Inc.
Glendale, California

Trustee

U.S. Bank National Association
Los Angeles, California

Verification Agent

Causey Demgen Moore P.C.
Denver, Colorado

No dealer, broker, salesperson or other person has been authorized by the County or the Authority to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County 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 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 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, 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 herein 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 County or the Authority or any other parties described herein 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 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the County. 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 in APPENDIX A – “INFORMATION REGARDING THE COUNTY OF RIVERSIDE.”

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 COUNTY 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 WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 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 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.

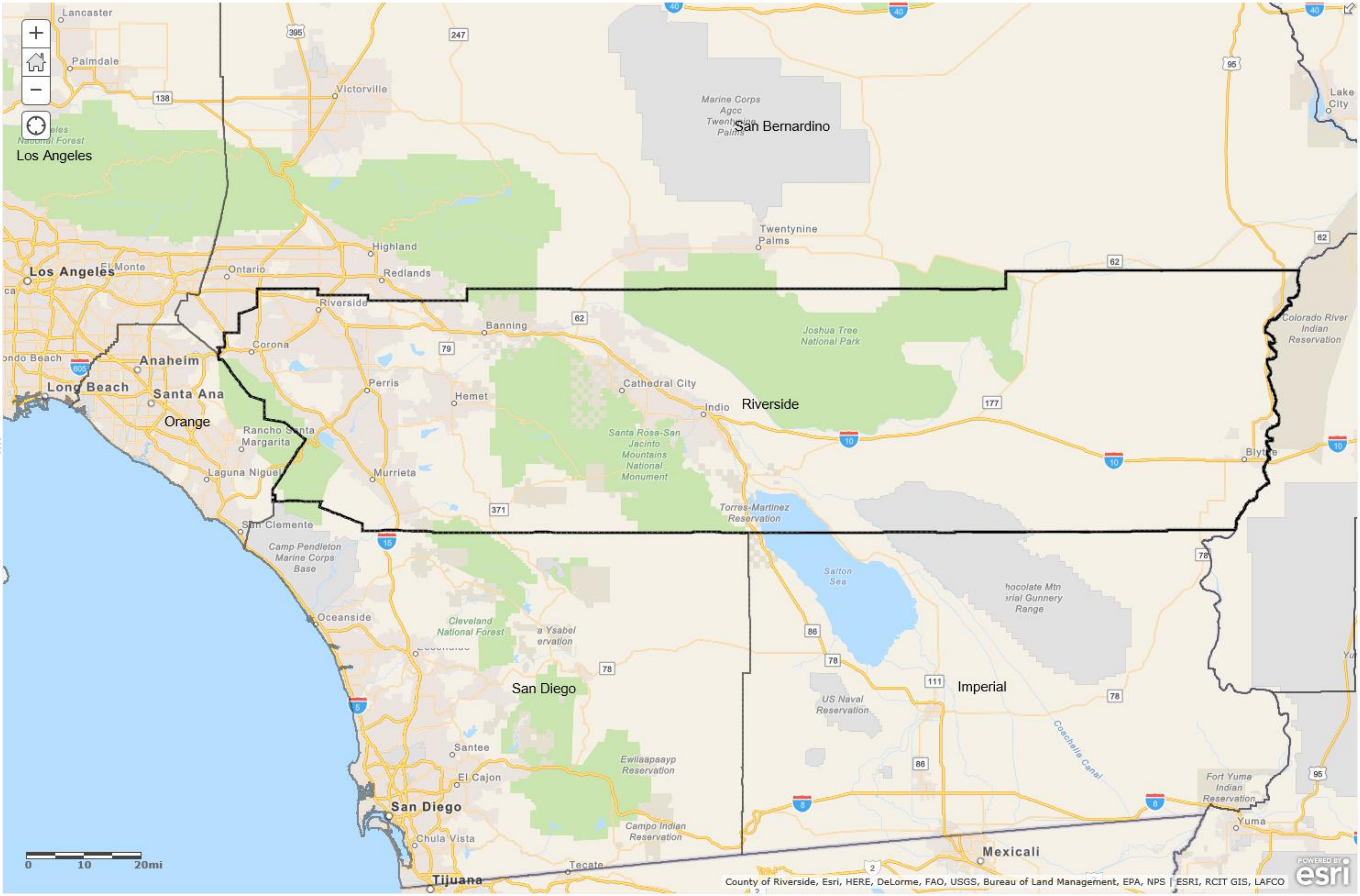
THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The County 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 Bonds.

TABLE OF CONTENTS

Page

Boundary Map



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OFFICIAL STATEMENT

$36,740,000	**$3,245,000**
RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, 2016 SERIES A	**RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, 2016 SERIES A-T (FEDERALLY TAXABLE)**

INTRODUCTION

General. This Official Statement (which includes the cover page and the appendices hereto) (the "Official Statement"), provides certain information concerning the sale and delivery of the Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds, 2016 Series A (the "Tax-Exempt Bonds") and the Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds, 2016 Series A-T (Federally Taxable) (the "Taxable Bonds," and, together with the Tax-Exempt Bonds, the "Bonds").

The net proceeds of the sale of the Bonds will be used to (i) refund the outstanding Riverside County Palm Desert Financing Authority Lease Revenue Bonds (County Facilities Projects) 2008 Series A (the "Prior Bonds") currently outstanding in the aggregate principal amount of $40,680,000, (ii) finance the acquisition, construction and installation of certain capital improvements to be owned and operated by the County of Riverside (the "County"), and (iii) pay the costs incurred in connection with the issuance of the Bonds.

Under the Indenture, the Bonds will be payable solely from and secured by Revenues and certain funds and accounts held under the Indenture. Revenues consist primarily of lease payments (the "Lease Payments") to be made by the County for the right to use certain real property consisting of a portion of the County's Mecca Community Library and Sheriff's Substation, North Palm Springs Multi-Service Center, Palm Desert Sheriff Station and Rubidoux Family Care Center (collectively, the "Property") pursuant to a Lease Agreement, dated as of October 1, 2016 (the "Lease Agreement"), between the County, as lessee, and the Riverside County Infrastructure Financing Authority (the "Authority"), as lessor.

The Bonds will be issued pursuant to an Indenture of Trust, dated as of October 1, 2016 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). Pursuant to the Indenture, the Authority may not issue additional bonds payable from amounts due under the Lease Agreement except as described under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds."

Pursuant to a Site Lease, dated as of October 1, 2016 (the "Site Lease"), by and between the County and the Authority, the County has leased the Property to the Authority. The Authority has subleased the Property to the County under the Lease Agreement. The Lease Agreement obligates the County to make Lease Payments to the Authority.

The Trustee and the Authority have entered into an Assignment Agreement, dated as of October 1, 2016, pursuant to which the Authority has assigned to the Trustee for the benefit of the Owners substantially all of the Authority's right, title and interest in and to the Site Lease and the Lease Agreement, including its right to receive the Lease Payments due under the Lease Agreement and to enforce any remedies in the event of a default by the County.

The County will covenant under the Lease Agreement to take such action as may be necessary to include all Lease 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 in its annual budgets and to make the necessary annual appropriations therefor, subject to abatement as described herein.

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

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM LEASE PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE COUNTY OR THE STATE OF CALIFORNIA (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER.

THE OBLIGATION OF THE COUNTY TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE COUNTY, THE STATE OR 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 COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The Authority is not funding a debt service reserve for the Bonds.

The County has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission certain annual financial information and operating data and, in a timely manner, notice of certain listed events. These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5). See "CONTINUING DISCLOSURE" herein for a description of the specific nature of the annual report and notices of listed events and a summary description of the terms of the disclosure agreement pursuant to which such reports are to be made.

U.S. Bank National Association, Los Angeles, California, will act as Trustee with respect to the Bonds. The Bonds will be issued subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the County and the Authority by the County Counsel and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Kutak Rock, LLP, Los Angeles, California. The County's financial statements for the fiscal year ended June 30, 2015 included as Appendix C hereto have been audited by Brown Armstrong Accountancy Corporation, Bakersfield, California (the "Auditor"). See APPENDIX C — "AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2015" herein. The County'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 County.

Certain events could affect the ability of the County to make the Lease Payments when due. See "RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and, except for a budget discussion for Fiscal Year 2016-17, is not intended to indicate future or continuing trends in the financial position or other affairs of the County. 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. See Appendix A for financial and operating information related to the County.

The summaries or references to the Indenture, the Lease Agreement, the Site Lease, the Assignment Agreement and other documents, agreements and statutes referred to herein, and the description of the 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 herein) which are defined in the Indenture or the Lease Agreement shall have the meanings set forth therein, some of which are summarized in APPENDIX B — "SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS."

THE BONDS

General

The Bonds shall be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof, so long as no Bond has more than one maturity date. The 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 hereof. Interest on the Bonds will be paid semiannually on May 1 and November 1 (each, an "Interest Payment Date") of each year, commencing May 1, 2017.

Interest on the Bonds will be payable from the Interest Payment Date next preceding the date of authentication thereof (a "Record Date") unless (i) a 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 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 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 Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner.

The Trustee will pay principal of the Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee. The Bonds will be subject to redemption as set forth herein.

Registration, Transfers and Exchanges

The 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 Bonds (the "Beneficial Owners") in the denominations set forth above, 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 herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "THE BONDS — Book-Entry Only System."

Redemption

Optional Redemption. The Tax-Exempt Bonds maturing on or before November 1, 2026, are not subject to redemption prior to their respective stated maturities. The Tax-Exempt Bonds maturing on or after November 1, 2027, are subject to redemption, in whole or in part, at the election of the Authority among maturities on such basis as shall be designated by the Authority and by lot within a maturity, at the option of the Authority, on any date on or after November 1, 2026, from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

The Taxable Bonds are not subject to optional redemption prior to their stated maturities.

Special Mandatory Redemption from Insurance or Condemnation Proceeds. The Bonds are subject to redemption as a whole, or in part on a pro rata basis among maturities, on any date, in denominations of $5,000 or any integral multiple thereof, from and to the extent of any net insurance proceeds or condemnation award received with respect to all or a portion of the Property, deposited by the Trustee in the Insurance and Condemnation Fund pursuant to the Indenture, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued thereon to the date fixed for redemption, without premium.

Book-Entry Only System

General. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the 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 Bonds apply only during any period in which the Bonds are not subject to DTC's book- entry system. While the 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 Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee will require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Whenever any Bond or Bonds will be surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

The Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee will require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

The Trustee may refuse to transfer or exchange, under the provisions of the Indenture, any Bonds selected by the Trustee for redemption under the Indenture, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Pledge of Revenues

The Bonds are payable from and secured by a pledge of Revenues and certain funds and accounts established and held by the Trustee under the Indenture. "Revenues" is defined in the Indenture to mean:

(a) all amounts received by the Authority or the Trustee under or with respect to the Lease Agreement, including, without limiting the generality of the foregoing, all the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts described in the provisions of the Lease Agreement relating to permitted amendments that provide for additional rental to be pledged or assigned for the payment of bonds issued to finance or refinance projects for which the County is authorized to expend its funds, and (ii) any Additional Rental Payments (consisting of certain administrative costs due to the Authority and the Trustee under the Lease Agreement), and

(b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

Pursuant to the Assignment Agreement, the Authority has assigned to the Trustee for the benefit of the Owners of the Bonds, certain of its rights under the Lease Agreement, including its right to receive Lease Payments for the purpose of securing the payment of debt service on the Bonds.

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

Lease Payments; Covenant to Appropriate

The County covenants, under the Lease Agreement, to make Lease Payments as rental for the right to use and occupy the Property under the Lease. Amounts of the scheduled Lease Payments are calculated to be sufficient to pay debt service on the Bonds when due. Lease Payments will be paid by the County semiannually to the Trustee on or before the fifth Business Day immediately preceding each Interest Payment Date. Upon receipt, the Trustee will deposit the Lease Payments in the Bond Fund for the purposes of paying principal of and interest on the Bonds.

The County covenants under the Lease Agreement to take such action as may be necessary to include all Lease Payments and Additional Rental in its annual budgets and to make the necessary annual appropriations for all such rental payments. On or about July 1 of each Fiscal Year, the County will provide to the Trustee a written certificate in which it will certify that it has complied with this obligation for the Fiscal Year.

Under certain circumstances described in the Lease, however, Lease Payments are subject to abatement during periods of substantial interference with the County's use and occupancy of all or a portion of the Property, as described in "—— Abatement" below.

Scheduled Lease Payments relating to the Bonds are set forth below under the heading "LEASE PAYMENT SCHEDULE."

THE OBLIGATION OF THE COUNTY TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE COUNTY 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 COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY 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 County to pay, as Additional Rental payments thereunder, in addition to the Lease Payments, such amounts as shall be required for the payment of the following:

(a) all fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the Property, when due,

(b) all reasonable compensation to the Trustee for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Indenture,

(c) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Lease Agreement or the Indenture,

(d) amounts coming due and payable as Excess Investment Earnings in accordance with the Lease Agreement,

(e) the reasonable out-of-pocket expenses of the Authority in connection with the execution and delivery of the Lease Agreement or the Indenture, or in connection with the issuance of the Bonds, including but not limited to any and all expenses incurred in connection with the authorization, sale and delivery of the Bonds, or incurred by the Authority in connection with any litigation which may at any time be instituted involving the Lease Agreement, the Bonds, the Indenture or any of the other documents contemplated thereby, or otherwise incurred in connection with the administration of the Lease Agreement.

Abatement

Abatement Due to Eminent Domain. If the Property 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 thereupon ceases as of the day possession is taken. If less than all of the Property is taken permanently, or if the Property is taken temporarily, under the power of eminent domain, then:

(a) the Lease Agreement will continue in full force and effect with respect thereto and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary; and

(b) the Lease Payments are subject to abatement in an amount determined by the County such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Property; *provided, however*, that the Lease Payments are not subject to abatement to the extent that rental interruption insurance Net Proceeds are available to pay Lease Payments that would otherwise be abated under this provision of the Lease Agreement, it being hereby declared that such amounts constitute special funds for the payment of the Lease Payments.

Abatement Due to Damage or Destruction. The Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain, as described above) there is substantial interference with the use and occupancy by the County of the Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined by the County such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement continues in full force and effect and the County waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, the Lease Payments are not subject to abatement to the extent that rental interruption insurance Net Proceeds are available to pay Lease Payments that would otherwise be abated under this provision of the Lease Agreement, it being hereby declared that such amounts constitute special funds for the payment of the Lease Payments.

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 County as a special obligation payable solely from said funds and accounts.

Substitution, Addition and Removal of Property

The Authority and the County may amend the Lease Agreement to substitute alternate real property for any portion of the Property to add additional real 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, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution or release of property. Any such substitution is subject to the following specific conditions precedent to such substitution:

(a) No Event of Default has occurred and is continuing.

(b) The County has filed with the Authority and the Trustee, and caused to be recorded in the office of the Riverside County Assessor-County Clerk-Recorder sufficient memorialization of, an amendment of the Lease Agreement which adds the legal description of the Substitute Property thereto and deletes therefrom the legal description of the Former Property.

(c) The County has obtained an ALTA or CLTA policy of title insurance insuring the County’s leasehold estate under the Lease Agreement in the Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the estimated value thereof.

(d) The County has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the County and constitutes property that the County is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the County and to serve an essential governmental function of the County.

(e) The Substitute Property does not cause the County to violate any of its covenants, representations and warranties made in the Lease Agreement, including non-impairment of tax-exemption.

(f) The County has filed with the Authority and the Trustee a written certificate of the County or other written evidence stating that the estimated value of the Substitute Property (together with any remaining portion of the Property that has not been substituted) is at least equal to the outstanding principal amount of the Bonds, that the fair rental value of the Substitute Property (together with any remaining portion of the Property that has not been substituted) is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement, and that the useful life of the Substitute Property at least extends to November 1, 2046.

(g) The County has mailed written notice of such substitution to each rating agency that then maintains a rating on the Bonds.

The release of any portion of the Property is subject to the following specific conditions precedent:

(a) No Event of Default has occurred and is continuing.

(b) The County has filed with the Authority and the Trustee, and caused to be recorded in the office of the Riverside County Assessor-County Clerk-Recorder sufficient memorialization of, an amendment of the Lease Agreement which removes the Released Property from the Site Lease and the Lease Agreement.

(c) The County has certified in writing to the Authority and the Trustee that the value of the property which remains subject to the Lease Agreement following such release is at least equal to the aggregate outstanding principal amount of the Bonds, and the fair rental value of the property which remains subject to the Lease Agreement following such release is at least equal to the Lease Payments thereafter coming due and payable thereunder.

(d) The County has mailed written notice of such release to each rating agency that then maintains a rating on the Bonds.

(e) The County will have provided the Authority and Trustee with an opinion of nationally recognized bond counsel to the effect that such release will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes.

See APPENDIX B — "SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS — The Lease Agreement — Substitution of Property" and "— Release of Property."

Action on Default

If the County defaults in performance of its obligations under the Lease, the Authority or the Trustee, as assignee of the Authority, may either terminate the Lease and re-enter and re-let all or a portion of the Property or may retain the Lease and hold the County liable for all payments on an annual basis and still have the right to re-enter and re-let the Property without effecting a surrender of the Lease. Additionally, the Trustee may pursue remedies at law or in equity to enforce the Lease.

Although the Lease and Indenture provide that the Trustee, as assignee of the Authority, may take possession of the Property if there is a default by the County, and the Lease provides that the Trustee may have such rights of access to the Property as may be necessary to exercise any remedies, portions of the Property may not be easily recoverable and, even if recovered, could be of little value to others. There can be no assurance that the Property can be re-let for an amount equal to all outstanding Lease Payments. Due to the essential nature of the governmental functions of the Property, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting. In addition, the remedy of repossession and re-letting may prove to be unavailable or not economically viable with respect to all or portions of the Property because the Authority has only a leasehold or other possessory right to some of the Lease Property. Therefore, repossession of the Property in such instances may not be an available remedy. In addition, assuming the Property could be repossessed, it may prove functionally impossible to re-lease.

Additional Bonds

In connection with the issuance of additional bonds ("Additional Bonds") secured on a parity with the Bonds, the Indenture and the Lease Agreement may be amended to obligate the County to pay additional amounts of rental for the use and occupancy of the Leased Property, but only if (A) such additional amounts of rental are pledged or assigned for the payment of any Additional Bonds the proceeds of which are applied to finance or refinance the acquisition or construction of any real or personal property for which the County is authorized to expend funds subject to its control, (B) the County has obtained and filed with the Trustee evidence (which may be in the form of a certificate of an employee of the County) that the value of the Leased Property is at least equal to the aggregate principal amount of the Outstanding Bonds, including the Bonds, the Additional Bonds, and all such other bonds, notes, leases or other obligations, and (C) the County has filed with the Trustee written evidence that the amendments described in this paragraph will not of themselves cause a reduction or withdrawal of any rating then assigned to the Bonds or any outstanding Additional Bonds.

No Reserve Fund

The Authority has not funded a debt service reserve fund in connection with the issuance of the Bonds.

Insurance

The Lease Agreement requires the County to secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility all coverage on the Property. Such insurance will consist of the following:

(a) A policy or policies of insurance against loss or damage to the Property known as "all risk," including flood, but excluding earthquake, which will be maintained at any time in an amount per occurrence at least equal to the least of (i) the cumulative replacement values of the Property and, in the case of a policy covering more than the Property, any other property that is the subject of a lease, installment purchase agreement or other financing arrangement for which bonds, certificates of participation or other obligations will have been issued or (ii) the aggregate amount of the principal component of the then-remaining Lease Payments payable under the Lease Agreement; *provided* that the amount of coverage required may be reduced to a smaller amount if an Insurance Consultant retained by the County provides written advice to the Trustee that, based upon its evaluation of the County's maximum foreseeable loss in the event of a major conflagration, windstorm, explosion, riot, flood or similar event, a specified smaller amount is believed to be reasonable given the nature of the risks insured and the proximity of the insured properties to each other. Such insurance may be in the form of a policy that covers the Property and one or more additional parcels of real property leased or owned by the County which may be limited in an amount per occurrence in the aggregate to the amount required by the preceding sentence. Such insurance may at any time include a deductible clause providing for a deductible not to exceed $100,000 for any one loss (except for flood, in which case the deductible may not exceed $250,000 for any one loss). The County may obtain such coverage as a joint insured with one or more other public agencies located within or outside of the County that may be limited in an amount per occurrence in the aggregate for all insureds as described in the first sentence of this paragraph (a) and that may be limited in a cumulative amount of claims during a 12-month period in the aggregate for all insureds in an amount not less than $500,000,000. Otherwise conforming policies satisfying the requirements of this paragraph (a) may provide that amounts payable as coverage for rental interruption under this paragraph (a) may be reduced by amounts payable under paragraph (c) below for the same occurrence, and vice versa. The County is, however, under no obligation to provide insurance against loss or damage occasioned by the perils of earthquake.

(b) In the event that such coverage is not included in paragraph (a) above, boiler and machinery coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Property in an amount not less than $75,000,000 per accident; *provided, however,* that the amount of coverage required by this sentence may be reduced to a smaller amount if an Insurance Consultant retained by the County provides written advice to the Trustee that, based upon its evaluation of the County's maximum foreseeable loss in the event of loss or damage by steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Property, a specified smaller amount is believed to be reasonable. Such insurance may be in the form of a policy that covers the Property and one or more additional parcels of real property leased or owned by the County that may be limited in amount to $75,000,000 per accident. Such insurance may at any time include a deductible clause providing for a deductible not to exceed $100,000 for any one loss. The County may obtain such coverage as a joint insured with one or more public agencies located within or without the County that may be limited in amount to $75,000,000 per accident. Otherwise conforming policies satisfying the requirements of this paragraph (b) may provide that amounts payable as coverage for rental interruption under this paragraph (b) may be reduced by amounts payable under paragraph (c) below for the same occurrence, and vice versa.

(c) So long as any Bonds are Outstanding, rental interruption insurance to cover loss, total or partial, of the use of any part of the Property as a result of any of the hazards covered by the insurance required pursuant to paragraph (a) or (b) above, as the case may be, in an amount sufficient at all times to pay the maximum total rent payable under the Lease Agreement for a period of not less than two consecutive years' Lease Payments for the Property; *provided* that such rental interruption insurance may be included in the policy or policies provided pursuant to paragraph (a) or (b) above without increasing the aggregate limits for coverage with respect to any hazard covered thereby. Such insurance also may be in the form of a policy that covers the Property and one or more additional parcels of real property leased or owned by the County. The County also may obtain an otherwise conforming policy required by this paragraph (c) as a joint insured with one or more other public agencies within or without the County which may, with respect to any hazard, be limited in aggregate amount for all insureds to the amount of the policy or policies required pursuant to paragraph (a) or (b) above, as the case may be, which insures against such hazard. Otherwise conforming policies satisfying the requirements of this paragraph (c) may provide that amounts payable as coverage under this paragraph (c) may be reduced by amounts payable for rental interruption under paragraph (a) or (b) above, as the case may be, for the same occurrence, and vice versa.

The County will collect, adjust and receive all moneys that may become due and payable under any policies contemplated by paragraphs (a) and (b) above, and, may compromise any and all claims thereunder and will transfer the net proceeds of such insurance as provided in the Lease Agreement or in the Indenture. The Trustee will not be responsible for the sufficiency of any insurance required in the Lease Agreement. 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 County.

Any insurance policy issued pursuant to paragraph (a) or (b) above will be so written or endorsed as to make losses, if any, payable to the County, the Authority and the Trustee as their respective interests may appear, and the Net Proceeds of the insurance required by paragraphs (a) or (b) above will be applied as provided in the Indenture. The Net Proceeds, if any, of the insurance policy described in paragraph (c) above will be payable to the Trustee and deposited into the Bond Fund. Each insurance policy described above will contain a provision to the effect that the insurance company will not cancel the policy or modify it materially and adversely to the interests of the Authority or the Trustee without first giving written notice thereof to the Authority and the Trustee at least 30 days in advance of such intended cancellation or modification.

The County will file a Written Certificate of the County with the Trustee not later than January 31 of each year certifying that the insurance policies required by this Section are in full force and effect and that the Authority and/or the Trustee is named as a loss payee on each insurance policy which the Lease Agreement requires to be so endorsed.

See APPENDIX B — "SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS — The Lease Agreement — Insurance."

The County is required under the Lease Agreement to provide an ALTA or CLTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Bonds, insuring the County's leasehold estate in the Property under the Lease Agreement, subject only to Permitted Encumbrances. All Net Proceeds received under any such title insurance policy must be deposited with the Trustee in the Bond Fund to be credited towards the prepayment of the remaining Lease Payments as provided under the Lease Agreement.

Application of Insurance and Condemnation Fund

Any Net Proceeds of insurance against accident to or destruction of the Property collected by the County or the Authority in the event of any such accident or destruction must be paid to the Trustee under Lease Agreement and deposited by the Trustee promptly upon receipt thereof in the Insurance and Condemnation Fund. If the County fails to determine and notify the Trustee in writing of its determination, within 45 days following the date of such deposit, to replace, repair, restore, modify or improve the Property which has been damaged or destroyed, then such Net Proceeds will be promptly transferred by the Trustee to the Redemption Fund and applied to the redemption of Bonds as described under the heading "THE BONDS — Redemption — *Special Mandatory Redemption from Insurance or Condemnation Proceeds*." Notwithstanding the foregoing sentence, however, if the Property is damaged or destroyed in full, the Net Proceeds of such insurance will be used by the County to rebuild or replace the Property if such proceeds are not sufficient to redeem Outstanding Bonds equal in aggregate principal amount to the unpaid Lease Payments allocable to the Property. All proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Redemption Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the County, upon receipt of a Written Request of the County which: (i) states with respect to each payment to be made (A) the requisition number, (B) the name and address of the person to whom payment is due, (C) the amount to be paid and (D) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund and has not been the basis of any previous withdrawal; and (ii) specifies in reasonable detail the nature of the obligation. Any balance of the proceeds remaining after such work has been completed as certified by the County under a Written Certificate to the Trustee will be paid to the County.

If all or any part of the Property is taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Authority will deposit or cause to be deposited with the Trustee the Net Proceeds therefrom, which the Trustee will deposit into the Insurance and Condemnation Fund under the Lease Agreement and which shall be applied and disbursed by the Trustee as follows:

(a) If the County has not given written notice to the Trustee, within 45 days following the date on which such Net Proceeds are deposited with the Trustee, of its determination that such Net Proceeds are needed for the replacement of the Property or such portion thereof, the Trustee shall transfer such Net Proceeds to the Redemption Fund to be applied towards the redemption of the Bonds under the heading "THE BONDS — Redemption **-** Extraordinary Redemption from Condemnation Award or Insurance Proceeds."

(b) If the County has given written notice to the Trustee, within 45 days following the date on which such Net Proceeds are deposited with the Trustee, of its determination that such Net Proceeds are needed for replacement of the Property or such portion thereof, the Trustee shall pay to the County, or to its order, from said proceeds such amounts as the County may expend for such replacement, upon the filing of Written Requisitions of the County as agent for the Authority.

In making any determination whether to repair, replace or rehabilitate the Property under the Indenture, the County may obtain, but is not required to obtain, at its expense, the report of an independent engineer or other independent professional consultant, a copy of which must be filed with the Trustee.

Compliance with Restrictive Covenants Relating to Palm Desert Sheriff Station

The County covenants in the Lease Agreement to maintain and use the Palm Desert Sheriff Station (as described under the heading "THE PROPERTY") solely for operation as a sheriff's station in compliance with the Cooperative Agreement Concerning the Construction Financing and Acquisition of Sheriff's Station dated as of July 29, 2008, by and between the Palm Desert Redevelopment Agency and County, and the related Restrictive Covenant Agreement dated as October 28, 2008, and otherwise comply with such agreements so long as the applicable requirements are in effect.

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Bonds are shown below.

	Tax-Exempt Bonds	*Taxable Bonds*	*Total*
Sources			
Principal Amount of Bonds	$ 36,740,000.00	$ 3,245,000.00	$ 39,985,000.00
Original Issue Premium	5,215,894.35	--	5,215,894.35
Moneys held in connection with the 2008 Bonds	10,231,221.03	1,082,931.86	11,314,152.89
Total Sources	$ 52,187,115.38	$ 4,327,931.86	$ 56,515,047.24
Uses			
Escrow Fund for Prior Bonds	$ 40,384,973.48	$ 4,281,772.23	$ 44,666,745.71
Acquisition and Construction Fund	11,314,152.89	--	11,314,152.89
Cost of Issuance Fund(1)	487,989.01	46,159.63	534,148.64
Total Uses	$ 52,187,115.38	$ $4,327,931.86	$ 56,515,047.24

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(1) Includes legal, financial advisory, rating agency, Underwriter's Discount, printing fees and other miscellaneous costs of issuance.

LEASE PAYMENT SCHEDULE

Following is the annual schedule of Lease Payments due with respect to the Bonds:

Bond Year	*Principal*	*Interest*	*Annual Lease Payments*
2017	$ 2,055,000.00	$ 1,553,929.71	$ 3,608,929.71
2018	2,085,000.00	1,417,700.00	3,502,700.00
2019	2,145,000.00	1,382,125.00	3,527,125.00
2020	2,235,000.00	1,296,325.00	3,531,325.00
2021	2,325,000.00	1,206,925.00	3,531,925.00
2022	2,420,000.00	1,113,925.00	3,533,925.00
2023	2,520,000.00	1,017,125.00	3,537,125.00
2024	2,620,000.00	916,325.00	3,536,325.00
2025	2,730,000.00	811,525.00	3,541,525.00
2026	2,840,000.00	702,325.00	3,542,325.00
2027	2,955,000.00	588,725.00	3,543,725.00
2028	3,075,000.00	470,525.00	3,545,525.00
2029	3,200,000.00	347,525.00	3,547,525.00
2030	3,335,000.00	219,525.00	3,554,525.00
2031	3,445,000.00	86,125.00	3,531,125.00
Total	$ 39,985,000.00	$ 13,130,654.71	$ 53,115,654.71

THE REFUNDING PLAN

General

Pursuant to the Indenture, the Authority will deliver a portion of the proceeds of the Bonds to the Trustee to transfer to Wells Fargo Bank, National Association, acting as escrow agent (the "Escrow Agent"), for deposit in an escrow fund (the "Escrow Fund") established under the Escrow Deposit and Trust Agreement, dated as of October 1, 2016, by and between the County and the Escrow Agent (the "Escrow Agreement"). Proceeds of the Bonds and other moneys held in the Escrow Fund to redeem the Prior Bonds will be held uninvested and/or invested in eligible securities and used to: (i) make the payments of principal and interest due on the Prior Bonds through and including May 1, 2018, and (ii) redeem the then outstanding Prior Bonds on May 1, 2018 at a redemption price equal to the principal amount of the Prior Bonds being redeemed, together with accrued interest to the redemption date, without premium. Amounts in the Escrow Fund will be irrevocably pledged to secure, when due, the payment of the principal of, and the interest and premium due on, the Prior Bonds, and will not be available for payment on the Bonds.

A list of the Prior Bonds is set forth below set forth below:

PRIOR BONDS
Riverside County Palm Desert Financing Authority
Lease Revenue Bonds (County Facilities Projects) 2008 Series A

Maturities to be Refunded (May 1)	***CUSIP***[†]	***Principal Amount to be Refunded***	***Redemption Date***	***Redemption Price (% of Par Amount)***
2017	76913GBG4	$ 5,880,000	N/A	N/A
2018	76913GBH2	6,200,000	N/A	N/A
2022	76913GBJ8	28,600,000	May 1, 2018	100%

Verification

Upon issuance of the Bonds, Causey Demgen Moore P.C., 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 all debt service on the Prior Bonds on and prior to the redemption thereof and to pay the redemption price of the Prior Bonds on May 1, 2018; and (b) the computations of yield of the Bonds which support Bond Counsel's opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

THE PROJECT

The County is using the Bond proceeds to construct and renovate the County-owned building located at 4075 Main Street in the City of Riverside for use by the County's Law Offices of the Public Defender and the Probation Department, which has been ongoing since 2009 (the "Project"). The building is the former site of the County's district attorney's office and must be retrofit and improved to be suitable for use by the County.

[†] *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright © 2016 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by Standard & Poor's CUSIP Service Bureau. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. None of the County, the Authority or the Underwriter guarantee the accuracy of the CUSIP data.*

The Project includes both tenant improvements and a full modernization of the building. Initial work on the Project began in 2009. The County currently estimates completion of the Project in June 2017. As of August 1, 2016, approximately $19,550,095 remained to complete the Project.

THE PROPERTY

The Property consists of four separate properties: the County's Mecca Community Library and Sheriff's Office, North Palm Springs Multi-Service Center, Palm Desert Sheriff Station and Rubidoux Family Care Center. The County currently enjoys the beneficial use/occupancy of all of the components of the Property.

County's Mecca Community Library and Sheriff's Office. This single-story, approximately 11,000 square foot, wood frame, geogrid reinforced stucco building was completed in February 2006. This building is located on an approximately 0.75 acre site at 91260 Avenue 66 in the unincorporated community of Mecca and was designed to incorporate all required elements for compliance with ADA, including designated parking, a ramped entrance, door hardware, appropriate signage, and wheelchair accessible sinks in all areas and bathrooms.

North Palm Springs Multi-Service Center. This property consists of the acquisition of an approximately 47,880 square foot building located on an approximately 3.53 acre site at 19531 McLane Street in North Palm Springs, near Indian Avenue and U.S. Interstate 10 for the development of a multi-service homeless shelter facility. Acquisition of the building was completed in September 2008, and completion of necessary improvements for this facility was completed in June 2009.

Palm Desert Sheriff Station. Construction of this single-story, approximately 80,000 square foot, tilt up building was completed in 2010. This state-of-the-art building is located on an approximately 10.87 acre site on Gerald Ford Drive near Monterey Avenue in the City of Palm Desert, is ADA compliant and includes a helipad, incorporates the use of solar energy, and is Leadership in Energy and Environmental Design (LEED) Certified.

Rubidoux Family Care Center. This single-story, approximately 24,000 square foot, wood frame, stucco building was constructed in 2007. This building is located on an approximately 2.7 acre site at 5256 Mission Boulevard in the City of Riverside and includes a medical clinic, an x-ray room and radiology services, a pharmacy for exclusive care, a dental treatment facility, Special Supplemental Nutrition Program for Women, Infants and Children services, and exclusive care for County employees in addition to primary care, family planning, pregnancy testing and counseling, prenatal care, cancer screening, sexually transmitted diseases, adult and pediatric immunizations, tuberculosis skin testing, dental care, well child care and nutrition. This facility meets all current construction standards including ADA compliance.

The County 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 BONDS — Substitution, Addition and Removal of Property."

Table 1
Summary of Property

Leased Property	*Address*	*Original Year Completion Date*	*Approximate Acreage*	*Approximate Building Square Footage*	*Appraised Value of Structures Only*	*Appraised Value of Land Only*	*Estimated Fair Market Value*
Mecca Library and Sheriff Office Property	91260 Avenue 66, Mecca	2006	.075	11,000	$ 3,070,000	$ 130,000	$ 3,200,000
North Palm Springs Multi-Service Center Property	19531 McLane Street, Palm Springs	2008	3.53	47,880	10,070,000	430,000	10,500,000
Palm Desert Sheriff Station Property	Gerald Ford Drive, Palm Desert	2010	10.87	80,000	21,880,000	1,420,000	23,300,000
Rubidoux Health Clinic Property	5256 Mission Boulevard, Riverside	2007	2.70	24,000	7,230,000	470,000	7,700,000
Total:					$ 42,250,000	$ 2,450,000	$ 44,700,000

Source: County.

THE AUTHORITY

Organization and Membership

The Authority was formed pursuant to the provisions of Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and the Joint Exercise of Powers Agreement, dated as of September 15, 2015 (the "JPA Agreement"), by and between the County and the Riverside County Flood Control and Water Conservation District, to assist in financing public capital improvements undertaken by either member. The Board of Supervisors of the County serves as the Board of Directors of the Authority.

THE COUNTY

General

The County was organized in 1893 from territory in San Bernardino and San Diego Counties and encompasses 7,177 square miles. The County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the south by San Diego and Imperial Counties and on the west by Orange and San Bernardino Counties. The County is the fourth largest county (by area) in the state and stretches 185 miles from the Arizona border to within 20 miles of the Pacific Ocean. There are 28 incorporated cities in the County. According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,347,828 as of January 1, 2016, reflecting a 1.3% increase over January 1, 2015.

The County is a general law county divided into five supervisorial districts on the basis of registered voters and population. The County is governed by a five member Board of Supervisors (the "Board"), elected by district to serve staggered four year terms. The Chair of the Board is elected annually by the Board members. The County administration includes appointed and elected officials, boards, commissions and committees which assist the Board of Supervisors.

The County provides a wide range of services to residents, including police and fire protection, medical and health services, education, library services, judicial institutions and public assistance programs. Some municipal services are provided by the County on a contract basis to incorporated cities within its boundaries. These services are designed to allow cities to contract for municipal services such as police and fire protection without incurring the cost of creating city departments and facilities. Services are provided to the cities at cost by the County.

Three distinct geographical areas characterize the County: the western valley area, the higher elevations of the mountains and the desert areas. The western portion of the County, which includes the San Jacinto Mountains and the Cleveland National Forest, experiences the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions.

See APPENDIX A — "INFORMATION REGARDING THE COUNTY OF RIVERSIDE" for a more detailed description of the County.

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 Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks. Additionally, potential investors should be aware of the possibility that other considerations could materialize in the future.

General Considerations – Security for the Bonds

The Bonds are special obligations of the Authority, payable solely from Revenues and other funds pledged under the Indenture. Revenues consist primarily of Lease Payments to be made by the County under the Lease. If, for any reason, the Revenues collected under the Indenture are, for any reason, insufficient to pay debt service on the Bonds, neither the Authority nor the County will be obligated to utilize any of their funds, other than amounts available under the Indenture, to pay debt service on the Bonds.

Neither the faith and credit nor the taxing power of the County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. The Authority has no taxing power.

The obligation of the County to make the Lease Payments does not constitute a debt of the County 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 County or the State is obligated to levy or pledge any form of taxation or for which the County 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 County, the County is obligated under the Lease Agreement to pay the Lease Payments and Additional Rental Payments from any source of legally available funds, and the County has covenanted in the Lease Agreement that it will take such action as may be necessary to include all Lease Payments and Additional Rental Payments due under the Lease Agreement in its annual budgets and to make necessary annual appropriations for all such Rental Payments, subject to abatement. The County is currently liable and may become liable on other obligations payable from general revenues.

The County has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Lease Payments may be decreased. In the event the County's revenue sources are less than its total obligations, the County could choose to fund other activities before making Lease Payments and other payments due under the Lease Agreement. The same result could occur if, because of California Constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. However, the County'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 State Constitution."

Abatement

In the event of substantial interference with the County'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, Lease Payments will be subject to abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE 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 County's rental interruption insurance will be available in lieu of Lease Payments, plus the period for which funds are available from the funds and accounts established under the Indenture, or in the event that title and casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Property or redemption of the Bonds, there could be insufficient funds to make payments to Owners in full. The Authority has not funded a debt service reserve fund for the Bonds.

It is not always possible to predict the circumstances under which 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 issuance and delivery of the Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Bonds.

If damage, destruction, title defect or eminent domain proceedings with respect to the Property results in abatement of the Lease Payments related to such Property and if such abated Lease Payments, if any, together with moneys from rental interruption or use and occupancy insurance (in the event of any insured loss due to damage or destruction), and eminent domain proceeds and title insurance, if any, are insufficient to make all payments of principal and interest on the 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 Owners for nonpayment under such circumstances.

No Reserve Fund

The Authority has not funded a debt service reserve fund for the Bonds.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property, and therefor property tax revenue available to make Lease Payments, would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the County. 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 owner or operator may be required 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 any of the property within the County be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition. The County is not aware of any hazardous substances located on the Property.

Other Financial Matters

Due to weakness in the economy of the State and the United States, it is possible that the general revenues of the County will decline. Such financial matters may have a detrimental impact on the County's General Fund, and, accordingly, may reduce the County's ability to make Lease Payments. See APPENDIX A — "INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

Substitution, Addition and Removal of Property

The Authority and the County may amend the Lease Agreement to substitute alternate real property for any portion of or 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. 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 AND SOURCES OF PAYMENT FOR THE BONDS — Substitution, Addition and Removal of Property."

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 Lease Payments payable by the County in any Bond Year, 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 Bonds, particularly if an event requiring abatement of Lease Payments were to occur subsequent to such substitution or release. See APPENDIX B — "SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS — The Lease Agreement — Substitution of Property" and "— Release of Property."

Limited Recourse on Default; No Acceleration of Lease

Failure by the County to make Lease Payments or other payments required to be made under the Lease Agreement, 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 after written notice of such failure and request that it be remedied has been given to the County by the Authority or the Trustee, or the filing of a bankruptcy or similar action by the County, 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 is no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable, nor do 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 County defaults on its obligation to make Lease Payments with respect to the Property, the Trustee, as assignee of the Authority, may retain the Lease Agreement and hold the County liable for all Lease Payments thereunder on an annual basis and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the County.

Alternatively, the Authority or the Trustee may terminate the Lease Agreement, retake possession of the Property and proceed against the County 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 Bonds when due, and the Trustee is not empowered to sell the Property for the benefit of the Owners of the Bonds. Any suit for money damages would be subject to limitations on legal remedies against counties in California, including a limitation on the enforcement of judgment against funds of a fiscal year other than the fiscal year in which Lease Payments were due and a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and APPENDIX B — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — LEASE AGREEMENT — Events of Default" and "— Remedies on Default."

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the County 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 County 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 County 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 County were to become a debtor under the Bankruptcy Code, the County 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 County or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the County 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 Bonds; and (iv) the possibility of the adoption of a plan (the "Plan") for the adjustment of the County's debt without the consent of the Trustee or all of the Owners of the 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 Bonds in the event the County files for bankruptcy. Accordingly, in the event of bankruptcy, it is likely that Owners may not recover their principal and interest.

The opinions of counsel, including Bond Counsel, delivered in connection with the issuance and delivery of the 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 County 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 County 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 Bonds when due. In addition, certain risks, such as floods, are not required under the Lease Agreement, and therefore, may not carried by the County. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Insurance."

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Tax-Exempt Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Tax-Exempt Bonds might be affected as a result of such an audit of the Tax-Exempt Bonds (or by an audit of similar municipal obligations).

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," the interest on the Tax-Exempt Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Tax-Exempt Bonds, as a result of acts or omissions of the Authority or the County in violation of its covenants in the Indenture and the Lease Agreement. Should such an event of taxability occur, the Tax-Exempt 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.

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 Bonds with respect to the payment when due of the Lease Payments by the County, or with respect to the performance by the County 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.

Seismic Events; Force Majeure

The areas in and surrounding the Property, like those in much of California, are subject to unpredictable seismic activity; however, the County is not aware of the Property having sustained material damage from earthquakes since its construction was completed.

Further, the County is under no obligation under the Lease to procure and maintain, or cause to be procured and maintained, earthquake insurance on the Property. There can be no assurance that earthquake insurance on the Property, if any, will be maintained by the County. If there is no earthquake insurance on the Property, but the Property is damaged in an earthquake, the Lease Payments would be subject to abatement. See "– Abatement."

The County's use and possession of the Property may also be at risk from other events of force majeure, such as damaging storms, floods and fires, among other events; however, the Property is not located in mapped flood or fire hazard zone. The County cannot predict what force majeure events may occur in the future.

State's Greenhouse Gas Regulation Could Affect County's General Fund

The Governor of the State signed Assembly Bill 32, the Global Warming Solutions Act of 2006 ("AB 32"), into law on September 27, 2006. AB 32 established a comprehensive program of regulatory and market mechanisms to achieve reductions in greenhouse gas emissions, including a 2020 greenhouse emissions reduction goal. The rules established by AB 32 became effective on January 1, 2012.

Manufacturing is a significant industry within the County (see APPENDIX A — "INFORMATION ABOUT THE COUNTY OF RIVERSIDE — Demographic and Economic Information — Industry and Employment"). AB 32 could have an adverse impact on that industry, resulting in a strain on the County's General Fund.

The State could enact additional laws having an adverse effect on the County's economy.

Drought Conditions

California is currently in the midst of the worst drought in its recorded history. On January 17, 2014, Governor Brown declared a drought in the State and requested a 20% reduction in water use statewide. The drought, over time, could reduce economic development within the County and adversely affect businesses located within the County, including agriculture.

Change in Law

No assurance can be given that the State 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, in a manner that could result in a reduction of the County's revenues and, therefore, a reduction of the funds legally available to the County to make Lease Payments. See, for example, "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS — Article XIIIC and Article XIIID of the State Constitution."

State Law Limitations on Appropriations

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

Limitations on Remedies Available to Bond Owners

The ability of the County to comply with its covenants under the Lease may be adversely affected by actions and events outside of the control of the County, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" below. Furthermore, any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Lease or the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondholder remedies contained in the Lease and the Indenture, the rights and obligations under the Bonds, the Lease and the Indenture may be subject to the following: the United States 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 equity 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 serving a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds 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.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of 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.

STATE OF CALIFORNIA BUDGET INFORMATION

The following information concerning the State's budgets has been obtained from publicly available information which the County believes to be reliable; however, the County does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal or interest due on the Bonds is payable from any funds of the State.

The County relies significantly upon State and Federal payments for reimbursement of various costs including certain mandated programs. For Fiscal Year 2015-16, approximately 44.8% of the County's General Fund budget revenues consisted of payments from the State and 20.4% consisted of payments from the Federal government. For Fiscal Year 2016-17, the County projects that approximately 44.5% of its General Fund budget revenues will consist of payments from the State and 20.8% will consist of payments from the Federal government.

The following information concerning the State's budgets has been obtained from publicly available information which the County believes to be reliable; however, the County neither takes any responsibility for or guarantees the accuracy or completeness thereof. The County has not independently verified such information. Information about the State Budget is regularly available at various State-maintained websites. Text of the budget may be found at the Department of Finance website. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at its website. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

For a description of certain potential impacts of the State budget on the finances and operations of the County, see APPENDIX A — "INFORMATION REGARDING THE COUNTY OF RIVERSIDE — FINANCIAL INFORMATION — Impacts of State Budget" attached hereto.

State Budget for Fiscal Year 2016-17. In a typical year, the Governor releases two primary proposed budget documents: (i) the Governor's Proposed Budget required to be submitted in January, and (ii) the "May Revision" to the Governors Proposed Budget. The Governor's Proposed Budget is then considered and typically revised by the State Legislature. On January 7, 2016, the Governor released the Fiscal Year 2016-17 Proposed State Budget. On May 13, 2016 the Governor released the May Revision to the Fiscal Year 2016-17 Proposed State Budget. On June 27, 2016, the Governor signed the adopted Fiscal Year 2016-17 State Budget (the "Fiscal Year 2016-17 Budget").

The Fiscal Year 2016-17 Budget projects Fiscal Year 2015-16 General Fund revenues and transfers of $117.0 billion and total expenditures of $115.6 billion. The State is projected to end Fiscal Year 2015-16 with total available reserves of $7.3 billion, including $3.9 billion in the traditional General Fund reserve and $3.4 billion in the State's Budget Stabilization Account. The County is currently evaluating the impact of the Fiscal Year 2016-17 Budget on the County's finances.

Information about the State budget and State spending is available at various State maintained websites. Text of the Fiscal Year 2016-17 Budget and other documents related to the State budget may be found at the website of the State Department of Finance, *www.dof.ca.gov*. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at *www.lao.ca.gov*. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, *www.treasurer.ca.gov*.

Future State Budgets. No prediction can be made by the County as to whether the State will encounter budgetary problems in future fiscal years, and if this occurs, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the County cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on County finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, over which the County has no control.

Possibility of Non-Renewal of Proposition 30 Revenues. On November 6, 2012, voters approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30" and the Governor's Tax Initiative), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. The revenues generated under Proposition 30 have contributed significantly to the stabilization of the State's finances in recent years. The majority of the revenues established under Proposition 30 are currently set to expire on December 31, 2018, with certain of the revenues phasing out earlier. Various ballot initiatives have qualified for the State's November ballot with the intention of extending the Proposition 30 revenues beyond their December 31, 2018 sunset date. The County can provide no assurances that such measures, or other measures, will be successful in extending the life of the Proposition 30 revenues, nor can any assurance be provided regarding the impact on the State's finances should the Proposition 30 revenues not be extended.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from Lease Payments made from the County's General Fund. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 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 County 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 (such as the Bonds), 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 County’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 County 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 County require a majority vote and taxes for specific purposes, even if deposited in the County’s General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues for the General Fund, and no assurance can be given that the County 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 County is unable to continue to collect these revenues, the services and programs funded with these revenues would have to be curtailed and/or the County’s General Fund might have to be used to support them. The County is unable to predict whether or not in the future it will be able to continue all existing services and programs funded by the 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 County’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 County 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 County’s General Fund.

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 County 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.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995 in *Fresno County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The County has not experienced any substantive adverse financial impact as a result of the passage of Proposition 62.

Proposition 1A

Proposition 1A, proposed by the State Legislature in connection with the State's fiscal year 2004-05 budget, approved by the voters in November 2004 and generally effective in State fiscal year 2006-07, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in State fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State also will not be able to borrow from local property tax revenues for more than two fiscal years within a period of ten 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 State-wide local sales tax. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the motor vehicle license fee rate currently in effect, 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable County revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the County.

Proposition 22

Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State on November 2, 2010. Proposition 22 eliminates or reduces the State's authority: (i) to temporarily shift property taxes from cities, counties and special districts to schools; (ii) to use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments); (iii) to redirect property tax increment from redevelopment agencies to any other local government; (iv) to use State fuel tax revenues to pay debt service on State transportation bonds; or (v) to borrow or change the distribution of State fuel tax revenues. In the California Supreme Court case affirming the dissolution of redevelopment agencies discussed in Appendix A, the Court determined that Proposition 22 did not prevent the State Legislature from terminating redevelopment agencies.

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 County 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 County or the County's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the County.

TAX MATTERS

Tax-Exempt Bonds

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds. The Authority has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Tax-Exempt Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Tax-Exempt Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Tax-Exempt Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Tax-Exempt Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Tax-Exempt Bonds who purchase the Tax-Exempt Bonds after the initial offering of a substantial amount of such maturity. Owners of such Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Tax-Exempt Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Tax-Exempt Bond (said term being the shorter of the Tax-Exempt Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Tax-Exempt Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Tax-Exempt Bond is amortized each year over the term to maturity of the Tax-Exempt Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Tax-Exempt Bond premium is not deductible for federal income tax purposes. Owners of premium Tax-Exempt Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Tax-Exempt Bonds.

In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is exempt from California personal income taxes.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Tax-Exempt Bond Counsel expresses no opinion.

Owners of the Tax-Exempt Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Tax-Exempt Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Tax-Exempt Bonds other than as expressly described above.

The form of Bond Counsel's proposed opinion with respect to the Tax-Exempt Bonds is attached hereto in Appendix D.

Taxable Bonds

The interest on the Taxable Bonds is not intended by the Authority to be excluded from gross income for federal income tax purposes. However, in the opinion of Bond Counsel, interest on the Taxable Bonds is exempt from California personal income taxes. The proposed form of opinion of Bond Counsel with respect to the Taxable Bonds to be delivered on the date of issuance of the Taxable Bonds is set forth in Appendix D.

Owners of the Taxable Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Taxable Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Taxable Bonds other than as expressly described above.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, is acting as Disclosure Counsel for the County. 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. Bond Counsel and Disclosure Counsel will receive compensation from the County contingent upon the sale and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, Los Angeles, California. Counsel to the Underwriter will receive compensation contingent upon that issuance of the Bonds.

ABSENCE OF LITIGATION

To the best knowledge of the County and the Authority, there is no action, suit or proceeding pending or threatened either restraining or enjoining the execution or delivery of the Bonds, the Lease Agreement or the Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the Authority or the County taken with respect to any of the foregoing.

UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. (the "Underwriter"). The Underwriter will purchase the Tax-Exempt Bonds from the Authority at an aggregate purchase price of $41,772,391.13 (representing the principal amount of the Bonds, plus $5,215,894.35 of original issue premium and less $183,503.22 of Underwriter's discount). The Underwriter will purchase the Taxable Bonds from the Authority at an aggregate purchase price of $3,228,792.37 (representing the principal amount of the Bonds less $16,207.63 of Underwriter's discount).

The 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 Bonds may be offered and sold to certain dealers at prices lower than the public offering prices.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its municipal bond rating of "AA-" (stable outlook) to the Bonds. This rating reflects only the views of S&P, and an explanation of the significance of such rating may be obtained from S&P. There is no assurance that the rating will continue for any given time or that the rating will not be revised downward or withdrawn entirely by S&P if in its judgment circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the County which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The County has covenanted in the Continuing Disclosure Certificate for the Bonds to file on the Electronic Municipal Market Access ("EMMA") system, notices of any rating changes on the Bonds. See the caption "CONTINUING DISCLOSURE" below and Appendix E. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from S&P prior to such information being provided to the County and prior to the date the County is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to S&P and its website and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

CONTINUING DISCLOSURE

The County has covenanted for the benefit of the Owners of the Bonds to provide annually certain financial information and operating data relating to the Bonds and the County (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. For a complete listing of items of information which will be provided in each Annual Report and further description of the County's undertaking with respect to the Annual Report and certain enumerated events, see APPENDIX E — "FORM OF CONTINUING DISCLOSURE CERTIFICATE." The Annual Report is to be provided by the County not later than February 15 after the end of the County's fiscal year, commencing with the report for the 2015-16 fiscal year. The Annual Report will be filed by the County with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

During the last five years, the County and certain of its related entities have failed to comply in certain respects with continuing disclosure obligations related to outstanding indebtedness. The failure to comply fell into two general categories: (i) failure to provide significant event notices with respect to changes in the ratings of outstanding indebtedness, primarily related to changes in the ratings of various bond insurers insuring the indebtedness of the County or its related entities; (ii) missing, incomplete or late filing of annual or quarterly reports with respect to a number of the bond issues. In almost every case with respect to obligations related to the General Fund, such information and reports were available on the County's website and/or available in other continuing disclosure filings made by the County; and (c) in all of the cases where a notice of failure to file was required to be filed, no notice of failure to file such information was provided. The County and its related entities have reviewed their previous filings and have made corrective filings, including an omnibus corrective notice regarding bond insurer ratings and ratings of the County's General Fund debt.

In order to ensure ongoing compliance by the County and its related entities with their continuing disclosure undertakings, (i) the County has instituted new procedures to ensure future compliance and coordination between the County and its related entities; and (ii) the County has contracted with a consultant to assist the County in filing accurate, complete and timely disclosure reports. The County continues to review its procedures to ensure continued compliance with the Rule.

The County has been advised by two underwriters that they filed self-reports under the Securities and Exchange Commission's Municipalities Continuing Disclosure Cooperation ("MCDC") initiative regarding incorrect statements in the County's official statements concerning the County's compliance with its continuing disclosure requirements. In addition, the County filed a self-report under MCDC with respect to statements concerning continuing disclosure compliance made in official statements for over thirty bond issues of the County and related issuers.

FINANCIAL STATEMENTS OF THE COUNTY

Included herein as Appendix B are the audited financial statements of the County as of and for the year ended June 30, 2015, together with the report thereon dated December 22, 2015 of Brown Armstrong Accountancy Corporation, Bakersfield, California, certified public accountants (the "Auditor"). Such audited financial statements have been included herein in reliance upon the report of the Auditor. The Auditor has not undertaken to update the audited financial statements of the County or its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated December 22, 2015.

MISCELLANEOUS

References are made herein 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 Site Lease and other documents are available, upon request, and upon payment to the County of a charge for copying, mailing and handling, from the County Clerk at the County of Riverside, 4080 Lemon Street, Riverside, California 92501.

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 County and the purchasers or Owners of any of the Bonds.

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

RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY

By: /s/ Jay Orr
Executive Director

COUNTY OF RIVERSIDE

By: /s/ Jay Orr
County Executive Officer

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APPENDIX A

INFORMATION REGARDING THE COUNTY OF RIVERSIDE

GENERAL INFORMATION

Set forth below is certain information with respect to the County. Such information was prepared by the County except as otherwise indicated.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,347,828 as of January 1, 2016, representing an approximately 1.3% increase over the County's population as estimated for the prior year, and a rate higher than the statewide population increase of 0.9% for the same period. For the ten year period of January 1, 2006 to January 1, 2016, the County's population grew by approximately 18.82%. During this period, the cities of Eastvale, Jurupa Valley, Menifee and Wildomar incorporated, and account for a total population of 12.16% of the County as of January 1, 2016.

The following table sets forth annual population figures, as of January 1 of each year, for cities located within the County for each of the years listed:

COUNTY OF RIVERSIDE
POPULATION OF CITIES WITHIN THE COUNTY
(As of January 1)

CITY	*2012*	*2013*	*2014*	*2015*	*2016*
Banning	30,051	30,177	30,306	30,659	30,834
Beaumont	38,851	39,787	40,853	43,601	45,118
Blythe	20,440	19,609	18,982	19,254	19,813
Calimesa	8,022	8,096	8,225	8,138	8,289
Canyon Lake	10,721	10,771	10,817	10,608	10,681
Cathedral City	52,108	52,350	52,571	53,859	54,261
Coachella	42,030	42,795	43,601	45,001	45,407
Corona	154,985	156,864	159,109	163,317	164,659
Desert Hot Springs	27,721	27,835	27,986	28,794	29,048
Eastvale	55,770	57,266	59,151	60,825	63,162
Hemet	80,329	80,899	81,520	79,548	80,070
Indian Wells	5,050	5,083	5,133	5,336	5,412
Indio	78,298	81,415	82,375	86,683	88,058
Jurupa Valley	96,745	97,272	97,738	96,898	98,177
Lake Elsinore	53,183	55,444	56,688	59,142	61,006
La Quinta	38,190	38,412	39,023	39,311	39,977
Menifee	80,831	82,314	83,686	87,286	89,004
Moreno Valley	197,086	198,183	199,257	203,696	205,383
Murrieta	105,300	105,860	106,393	112,576	113,795
Norco	27,123	26,632	26,566	26,392	26,896
Palm Desert	49,619	49,962	50,424	48,835	49,335
Palm Springs	45,414	45,724	46,135	46,204	46,654
Perris	70,391	70,983	72,063	72,476	73,722
Rancho Mirage	17,556	17,643	17,739	17,920	18,070
Riverside	309,407	312,035	314,221	321,655	324,696
San Jacinto	44,937	45,229	45,537	47,087	47,656
Temecula	103,403	104,907	106,256	107,794	109,064
Wildomar	32,818	33,182	33,696	34,758	35,168
TOTALS					
Incorporated	1,876,494	1,896,729	1,916,051	1,957,653	1,983,415
Unincorporated	357,699	358,924	364,140	360,271	364,413
County-Wide	2,234,193	2,255,653	2,280,191	2,317,924	2,347,828
California	37,668,804	37,984,138	38,357,121	38,907,642	39,255,883

Source: State Department of Finance, Demographic Research Unit.

Effective Buying Income

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

The following table summarizes the total effective buying income for the County and the State for the period 2012 through 2016:

RIVERSIDE COUNTY AND CALIFORNIA TOTAL EFFECTIVE BUYING INCOME, MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME AND PERCENT OF HOUSEHOLDS WITH INCOMES OVER $50,000(1)

	Total Effective Buying Income(2)	*Median Household Effective Buying Income*	*Percent of Households with Income over $50,000*
2012			
Riverside County	$ 39,981,683	$44,116	42.91%
California	814,578,458	47,062	46.65
2013			
Riverside County	$ 40,157,310	$43,860	42.39%
California	864,088,828	47,307	46.90
2014			
Riverside County	$ 40,293,518	$44,784	43.84%
California	858,676,636	48,340	48.17
2015			
Riverside County	$ 41,199,300	$45,576	44.79%
California	901,189,699	50,072	50.05
2016			
Riverside County	$ 45,407,058	$48,674	48.50%
California	981,231,666	53,589	52.74

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(1) Estimated, as of January 1 of each year.
(2) Dollars in thousands.
Source: Nielsen Solution Center.

Industry And Employment

The County is a part of the Riverside-San Bernardino-Ontario Primary Metropolitan Statistical Area ("PMSA"), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the PMSA has large and growing commercial and service sector employment. The number of employed persons in the PMSA by industry is set forth in the following table.

RIVERSIDE-SAN BERNARDINO-ONTARIO PMSA
ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY[(1)]
(In Thousands)

INDUSTRY	*2011*	*2012*	*2013*	*2014*	*2015*
Agriculture	14.9	15.0	14.5	14.4	15.1
Construction	59.1	62.6	70.0	77.6	85.2
Finance Activities	39.5	40.2	41.3	42.3	43.2
Government	227.5	224.6	225.2	228.8	233.4
Manufacturing:	85.1	86.7	87.3	91.3	95.6
Nondurables	29.3	29.8	30.1	31.1	32.8
Durables	55.8	56.9	57.3	60.2	62.8
Mining & Logging	1.0	1.2	1.2	1.3	1.3
Retail Trade	158.5	162.4	164.8	169.4	173.5
Professional and Business Services	126.0	127.5	132.4	139.3	144.4
Education and Health Services	165.4	173.6	187.6	194.8	205.0
Leisure & Hospitality	124.0	129.4	135.9	144.8	151.5
Other Services	39.1	40.1	41.1	43.0	44.0
Transportation, Warehousing and Utilities	67.9	73.0	78.4	86.6	97.3
Wholesale Trade	49.02	52.2	56.4	58.9	61.7
Information	12.2	11.7	11.5	11.3	11.3
Total, All Industries	1,169.4	1,200.2	1,247.8	1,303.7	1,362.4

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(1) The employment figures by industry which are shown above are not directly comparable to the "Total, All Industries" employment figures due to rounded data.

Source: State Employment Development Department, Labor Market Information Division.

The following table sets forth the major employers in the County as of 2015 and their respective product or service and number of employees as of 2015.

COUNTY OF RIVERSIDE
CERTAIN MAJOR EMPLOYERS[(1)]
(2015)

Company Name	***Product/Service***	***No. of Local Employees***[(2)]
County of Riverside	Government	20,684
March Air Reserve Base	Military Reserve Base	8,500
Stater Bros	Supermarket	6,900
Walmart	Retail Store	6,550
University of California, Riverside	University	5,768
Kaiser Permanente Riverside Medical Center	Hospital	5,300
Corona-Norco Unified School District	School District	4,932
Temecula Valley Unified School District	School District	4,000
Riverside Unified School District	School District	3,871
Hemet Unified School District	School District	3,400

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(1) Certain major employers in the County may have been excluded because of the data collection methodology used by Riverside County Economic Development Agency.

(2) Includes employees within the County; excludes, under certain circumstances, temporary, seasonal and per diem employees.

Source: County Economic Development Agency

Unemployment data for the County, the State and the United States for the years 2011 through 2015 and partial data for 2016 (as indicated) are set forth in the following table.

COUNTY OF RIVERSIDE
COUNTY, STATE AND NATIONAL UNEMPLOYMENT DATA

	2011	***2012***	***2013***	***2014***	***2015***	***2016***
County(1)	13.7%	12.1%	10.3%	8.2%	6.7%	7.1%(2)
California(1)	11.8	10.4	8.9	7.5	6.2	5.5(2)
United States(3)	8.9	8.1	7.4	6.2	5.3	4.9(2)

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(1) Data is not seasonally adjusted. The unemployment data for the County and State is calculated using unrounded data.

(2) For July 2016.

(3) Data is seasonally adjusted.

Source: State of California Employment Development Department Labor Market Information Division; U.S. Bureau of Labor Statistics.

Commercial Activity

Commercial activity is an important factor in the County's economy. Much of the County's commercial activity is concentrated in central business districts or small neighborhood commercial centers in cities. There are five regional shopping malls in the County: Galleria at Tyler (Riverside), Hemet Valley Mall, Westfield Palm Desert Shopping Center, Moreno Valley Mall and the Promenade at Temecula. There are also three factory outlet malls (Desert Hills Factory Stores, Cabazon Outlets and Lake Elsinore Outlet Center) and over 200 area centers in the County.

The following table sets forth taxable sale transactions in the County for the years 2010 through 2014, the last year being the most recent full year of which annual data is currently available. Taxable sales transactions in Riverside County overall totaled $32,035,687,000 in 2014, representing a 6.6% increase over the prior year.

COUNTY OF RIVERSIDE
TAXABLE SALES TRANSACTIONS
(IN THOUSANDS)

	2010	*2011*	*2012*	*2013*	*2014*
Motor Vehicles and Parts Dealers	$ 2,620,568	$ 3,010,487	$ 3,493,098	$ 3,965,201	$ 4,417,943
Furniture and Home Furnishings	412,325	436,482	441,649	486,061	520,393
Electronics and Appliances Stores	470,784	478,406	488,419	510,423	510,061
Building Materials, Garden Equipment and Supplies	1,232,145	1,303,073	1,365,513	1,535,178	1,706,183
Food and Beverage Stores	1,267,758	1,304,731	1,356,148	1,421,590	1,509,403
Health and Personal Care Stores	400,207	454,268	490,238	523,724	544,958
Gasoline Stations	2,685,840	3,300,785	3,516,040	3,456,322	3,426,830
Clothing and Clothing Accessories Stores	1,391,174	1,505,821	1,672,482	1,771,603	1,989,623
Sporting Goods, Hobby, Book and Music Stores	428,121	454,971	467,536	499,366	519,188
General Merchandise Stores	2,947,905	3,051,709	3,174,022	3,298,920	3,289,057
Miscellaneous Store Retailers	652,273	700,338	742,118	758,664	809,032
Nonstore Retailers	92,916	101,876	142,081	243,334	309,809
Food Services and Drinking Places	2,317,486	2,473,339	2,668,324	2,836,388	3,093,862
Total Retail and Food Services	$ 16,919,500	$ 18,576,285	$ 20,016,668	$ 21,306,774	$ 22,646,343
All Other Outlets	6,233,280	7,065,212	8,079,341	8,758,693	9,389,345
Total All Outlets	$ 23,152,780	$ 25,641,497	$ 28,096,009	$ 30,065,467	$ 32,035,687

Source: California State Board of Equalization, Research and Statistics Division.

Building and Real Estate Activity

The two tables below set forth a summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) from 2011 through 2015.

COUNTY OF RIVERSIDE
BUILDING PERMIT VALUATIONS[(1)]
(IN THOUSANDS)

	2011	*2012*	*2013*	*2014*	*2015*
RESIDENTIAL					
New Single-Family	$ 651,747	$ 854,814	$ 1,134,158	$ 1,296,553	$ 1,267,593
New Multi-Family	115,064	99,578	136,501	178,117	110,458
Alterations and Adjustments	119,684	84,517	94,422	147,081	113,615
Total Residential	$ 886,495	$ 1,038,963	$ 1,365,081	$ 1,621,751	$ 1,491,666
NON-RESIDENTIAL					
New Commercial	$ 152,160	$ 346,865	$ 80,510	$ 184,138	$ 182,089
New Industry	10,000	3,767	140,972	161,321	111,070
New Other(1)	99,898	78,602	184,500	142,204	215,914
Alterations & Adjustments	297,357	154,325	364,616	327,327	299,882
Total Nonresidential	$ 559,415	$ 583,559	$ 770,598	$ 814,990	$ 808,956
TOTAL ALL BUILDING	$ 1,445,910	$ 1,602,522	$ 2,135,679	$ 2,436,741	$ 2,300,622

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(1) Includes churches and religious buildings, medical and institutional buildings, school and educational buildings, agricultural buildings, residential garages, public works and utility buildings. Hospital construction permits issued by the California Office of Statewide Health Planning are not included in the private, nonresidential building data, except where the project may also be permitted by the local jurisdiction.

Source: Construction Industry Research Board for 2011, 2014 and 2015, California Homebuilding Foundation for 2012 and 2013.

COUNTY OF RIVERSIDE
NUMBER OF NEW DWELLING UNITS

	2011	*2012*	*2013*	*2014*	*2015*
Single Family	2,676	3,455	4,671	5,007	4,833
Multi-Family	1,073	829	1,415	1,931	1,189
TOTAL	3,749	4,284	6,086	6,938	6,022

Source: Construction Industry Research Board for 2011, 2014 and 2015, California Homebuilding Foundation for 2012 and 2013.

The following table sets forth the annual median housing prices for Los Angeles County, Riverside County, San Bernardino County and Southern California for the years 2010 through 2015.

COUNTIES OF LOS ANGELES, RIVERSIDE AND SAN BERNARDINO AND SOUTHERN CALIFORNIA MEDIAN HOUSING PRICES

Year	*Los Angeles*	*Riverside*	*San Bernardino*	*Southern California*(1)
2010	$335,000	$200,000	$155,000	$290,000
2011	315,000	195,000	150,000	280,000
2012	330,000	210,000	163,000	300,000
2013	411,000	259,000	205,000	370,000
2014	455,000	293,000	240,000	410,000
2015	487,500	310,000	262,000	431,000

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(1) Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.
Source: MDA DataQuick Information Systems.

The following table sets forth the home and condominium foreclosures recorded in Los Angeles County, Riverside County, San Bernardino County and Southern California for the years 2010 through 2015.

COUNTIES OF LOS ANGELES, RIVERSIDE AND SAN BERNARDINO AND SOUTHERN CALIFORNIA COMPARISON OF HOME FORECLOSURES

Year	*Los Angeles*	*Riverside*	*San Bernardino*	*Southern California*(1)
2010	26,827	20,598	16,757	86,853
2011	25,597	17,383	14,181	77,105
2012	15,271	10,657	9,262	47,347
2013	6,469	4,191	4,088	19,470
2014	4,566	2,912	2,984	13,787
2015	3,970	2,463	2,616	11,959

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(1) Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.
Source: MDA DataQuick Information Systems.

Agriculture

Agriculture is a significant source of income in the County. In 2015, principal agricultural products were milk, nursery stock, table grapes, hay, lemons, bell peppers, eggs, grapefruit, dates and avocados.

Four areas in the County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of the County, the Coachella Valley in the central portion and the Palo Verde Valley near the County's eastern border.

The County, and all of Southern California, is experiencing a severe drought. See "—Environmental Control Services" below. The County cannot predict the impact that a prolonged drought would have on agricultural production in the County.

The following table sets forth the value of agricultural production in the County for the years 2011 through 2015.

COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION

	2011	*2012*	*2013*	*2014*	*2015*
Citrus Fruits	$ 119,942,513	$ 125,711,000	$ 142,404,000	$ 170,891,000	$ 199,772,000
Trees and Vines	232,649,262	217,214,000	232,536,000	223,593,000	234,928,000
Vegetables, Melons, Misc.	278,628,295	286,234,000	340,407,000	337,404,000	327,199,000
Field and Seed Crops	149,198,052	147,352,000	154,582,000	156,575,000	122,794,000
Nursery	200,154,964	190,878,100	191,215,000	172,910,000	158,648,000
Apiculture	4,844,400	4,983,400	4,715,000	4,819,000	4,897,000
Aquaculture	4,808,250	4,205,000	2,262,000	5,078,000	5,397,000
Livestock and Poultry	292,030,380	276,553,000	259,683,000	290,746,000	260,015,000
Grand Total	$ 1,282,256,116	$ 1,253,130,000	$ 1,327,804,000	$ 1,362,016,000	$ 1,313,650,000

Source: Riverside County Agricultural Commissioner.

Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. State Route 91 extends southwest from Riverside through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses most of the width of the County, the western-most portion of which links up with major cities and freeways in Los Angeles County and the southern part of San Bernardino County, with the eastern part linking to the County's desert cities and Arizona. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to Los Angeles County. Riverside 91 Express Lanes that connect with the OCTA SR-91 Express Lanes at the Orange County/Riverside County line and continue to the Interstate 15/State Route 91 interchange are under construction and expected to open in early 2017. When travelling along State Route 91 through Corona, vehicles will be able to use either the tolled express lanes or the general purpose lanes, which are free.

Metrolink provides commuter rail service to Los Angeles, San Bernardino and Orange Counties from nine stations in the County. Transcontinental passenger rail service is provided by Amtrak with stops in Riverside and Palm Springs. Freight service to major west coast and national markets is provided by two transcontinental railroads–Union Pacific Railroad and the BNSF Railway Company. Truck service is provided by several common carriers, making available overnight delivery service to major California cities.

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. There are also four municipal transit operators in the western County providing services within the cities of Banning, Beaumont, Corona and Riverside. The SunLine Transit Agency provides local bus service throughout the Coachella Valley, servicing the area from Desert Hot Springs to Oasis and from Palm Springs to Riverside. The Palo Verde Valley Transit Agency provides service in the far eastern portion of the County (City of Blythe and surrounding communities).

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by Los Angeles World Airports, a proprietary department of the City of Los Angeles, and is scheduled to be transferred by the City of Los Angeles to a joint powers authority in October 2016. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Reserve Base, which converted from an active duty base to a reserve-only base on April 1, 1996. The March AFB Joint Powers Authority (the "JPA"), comprised of the County and the Cities of Riverside, Moreno Valley and Perris, is responsible for planning and developing joint military and civilian use. The JPA has constructed infrastructure improvements, entered into leases with private users and initialized a major business park project.

Education

There are four elementary school districts, one high school district, eighteen unified (K-12) school districts and four community college districts in the County. Approximately ninety-two percent of all K-12 students attend schools in the unified school districts. The three largest unified school districts are Corona-Norco Unified School District, Riverside Unified School District and Moreno Valley Unified School District.

There are seven two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley and Palo Verde Valley. There are also three universities located in the City of Riverside — the University of California, Riverside, La Sierra University and California Baptist University.

Environmental Control Services

Water Supply. The County obtains a large part of its water supply from groundwater sources, with certain areas of the County, such as the City of Riverside, relying almost entirely on groundwater. As in most areas of Southern California, this groundwater source is not sufficient to meet countywide demand, and the County's water supply is supplemented by imported water. At the present time, imported water is provided by the Metropolitan Water District of Southern California from the Colorado River via the Colorado River Aqueduct and from the State Water Project via the Edmund G. Brown California Aqueduct. In the Southwest area of the County, approximately 80% of the water supply is imported.

At the regional and local level, there are several water districts that were formed for the primary purpose of supplying supplemental water to the cities and agencies within their areas. The Coachella Valley Water District, the Western Municipal Water District and the Eastern Municipal Water District are the largest of these water districts in terms of area served. The San Gorgonio Pass Water Agency, Desert Water Agency, Palo Verde Irrigation District and Rancho California Water District also provide supplemental water to cities and agencies within the County.

The governor and the State Legislature have been continuously engaged in discussions on potential strategies to help mitigate the effects of the drought. On April 1, 2015, California's governor issued the fourth in a series of executive orders extending the measures necessary to address California's severe drought conditions. The executive order adopted the following additional orders, among others: (i) SWRCB is directed to impose restrictions to reduce potable urban water usage, including usage by commercial, industrial and institutional properties and golf courses, by 25% through February 28, 2016; portions of a water supplier's service area with higher per capita use must achieve proportionally greater reductions than areas with lower per capita use; (ii) the State of California Department of Water Resources ("DWR") is directed to fund a statewide initiative, in partnership with local agencies, to collectively replace 50 million square feet of lawns with drought tolerant landscaping; (iii) the California Energy Commission is directed to implement a rebate program for replacement of inefficient appliances; (iv) urban water suppliers are required to provide monthly water usage, conservation and enforcement information; (v) service providers are required to monitor groundwater basin levels in accordance with the California Water Code § 10933; (vi) permitting agencies are required to prioritize approval of water infrastructure and supply projects; and (vii) DWR is required to install emergency drought salinity barriers. The 25% conservation standard mandated by the executive order is scheduled to result in water savings amounting to approximately 1.3 million acre-feet of water over next nine months. As noted by the SWRCB, California is still experiencing severe drought despite recent heavy rainfall during the winter of 15/16, and on February 2, 2016 CWRCB adopted an extended and revised emergency regulation to ensure that urban water conservation continues through 2016. The regulation extends the aforementioned restrictions on urban water use through October 2016 while providing urban water suppliers more flexibility in meeting their conservation requirements. It also directs staff to report back on additional flexibility once more complete water supply information is known in April 2016. On May 18, 2016, the State Water Board adopted an emergency water conservation regulation that replaced the February 2 emergency regulation. The May 2016 regulation in effect from June 2016 through January 2017 requires locally developed conservation standards based upon each water agency's specific circumstances. It replaces the prior percentage reduction-based water conservation standard with a localized "stress test" approach. These standards require local water agencies to ensure a three-year supply assuming three more dry years like the ones the state experienced from 2012 to 2015. Water agencies that would face shortages under three additional dry years will be required to meet a conservation standard equal to the amount of shortage.

During a workshop in May of 2015 to discuss the drought, the Board of Supervisors directed staff to revise County Ordinance 859.3 *Water Efficient Landscape Requirements*. On July 21, 2015 the Board of Supervisors adopted, via an urgency ordinance, updated water efficient landscape requirements Ordinance 859. A key highlight of this revised ordinance is that it "*prohibits the use of natural turf grass lawns within the front yards of new homes and promoting low water use plants and inert materials for a sustainable and marketable landscape design*."

Flood Control. Primary responsibility for planning and construction of flood control and drainage systems within the County is provided by the Riverside County Flood Control and Water Conservation District and the Coachella Valley Water District, Storm Water Unit.

Sewage. There are 18 wastewater treatment agencies in the County's Santa Ana River region and nine in the County's Colorado River Basin region. The County of Riverside does not own or operate a Publicly Owned Treatment Works (POTW), or sewage plants. Most residents in rural areas of the County which are unsewered rely upon septic tanks and leach fields for sewage disposal only if a POTW does not service the area with sewer infrastructure.

FINANCIAL INFORMATION

Budgetary Process and Budget

Under the California Government Code, the County must approve a recommended budget by June 30 of each year as the legal authorization to spend until the approval of the adopted budget. An adopted budget reflecting any revisions to the recommended budget must be approved by the Board of Supervisors no later than October 2. The recommended and adopted budgets must be balanced.

Subsequent to the approval of the adopted budget, the County may make adjustments to reflect revenue, as realized, and to record changes in expenditure requirements. For example, in recent years, the County, like many other counties, has adopted a budget in advance of the adoption of the State budget and has been required to make adjustments in certain circumstances upon the passage of the State budget. The County conducts quarterly reviews, with major adjustments generally addressed at the end of the first, second and third quarters.

Fiscal Year 2016-17 Budget

In June 2016, the Board of Supervisors approved the Fiscal Year 2016-17 Recommended Budget (the "Recommended Budget") and subsequently approved revisions to it in July 2016. Formal approval of the resolution of adoption of the Fiscal Year 2016-17 Budget (the "Adopted Budget") is scheduled for late September 2016. The Adopted Budget will include total general fund appropriations of approximately $3.1 billion. The County estimates approximately 44.5% of the General Fund budget revenues in the Adopted Budget will consist of payments from the State and 20.8% will consist of payments from the Federal government. Discretionary revenue was budgeted to increase to approximately $758.9 million ($752.8 million in the Recommended Budget) for Fiscal Year 2016-17, an increase of approximately 3% (2% in the Recommended Budget) from the Fiscal Year 2015-16 adopted budget estimates. Such revenue increase was primarily attributable to growth in the value of property taxes. The Adopted Budget includes an increase in discretionary spending of approximately $29.5 million ($27.8 million in the Recommended Budget) from the prior fiscal year. Property tax revenue is estimated at approximately $340 million for Fiscal Year 2016-17, and represents approximately 45% of the County's discretionary revenue. The Adopted Budget assumes an increase in assessed valuation in Fiscal Year 2016-17 of approximately 5% from Fiscal Year 2015-16.

Impacts of State Budget

Changes in payments to the County from the State, whether temporary or permanent, may require adjustments to the County's Fiscal Year 2016-17 budget. Permanent cuts in State funding will require the County to reduce programs reliant on State funds, unless the County chooses to make corresponding reductions to discretionary funding for core County services. State finances may be impacted if the revenues generated by Proposition 30 are not extended. See "STATE OF CALIFORNIA BUDGET INFORMATION—Possibility of Non-Renewal of Proposition 30 Revenues" in the front part of this Official Statement.

The County continuously monitors developments at the State and local level, and may be required to make adjustments to its budget from time to time. See "STATE OF CALIFORNIA BUDGET INFORMATION" herein.

Realignment of Certain Services to Local Governments

As part of the State's 2011 Budget Act, the California Legislature enacted a major shift, or "realignment," of certain State program responsibilities and related revenues to local governments ("Realignment"). Beginning in Fiscal Year 2011-12, the realignment provides funds to local governments (primarily counties) to fund various criminal justice, mental health, and social services programs. This realignment funding is derived from three sources: 1) the dedication of 1.0625 cents of the existing sales tax rate; 2) redirection of the revenue generated by Proposition 63 (the "millionaire tax" that supports mental health programs statewide); and 3) redirection of a portion of vehicle license fee revenues.

2011 Realignment is comprised of two distinct components: Health and Human Services and Public Safety. With respect to the former, the State replaced the funding previously provided to counties as State reimbursement or direct payment with local appropriations equivalent to prior year funding levels. To date, the only significant programmatic change resulting from the Health and Human Services component of Realignment related to the transfer of responsibility for funding education-related mental health services from counties to local school districts.

With respect to Public Safety, however, county governments have taken on various additional responsibilities related to inmates released from state prison; newly convicted offenders whose offenses are legally defined under the State Penal Code as non-violent, non-serious and non-sexual; and parole violators. In Fiscal Year 2014-15, the County received a $48.04 million appropriation from the State to address the needs of the realigned criminal justice population. In Fiscal Year 2015-16, the County expects to receive an appropriation of approximately $62.35 million from the State to address the needs of the realigned criminal justice population. Although this amount is not sufficient to meet all of the identified needs, and the shortfall continues to strain the County's justice system, the affected County departments have been able to continue providing identified services. The County received an estimate from the State that the appropriation is expected to increase by approximately $4.9 million in Fiscal Year 2016-17. However, the County does not have an estimate of the total realignment cost for Fiscal Year 2016-17 at this time.

Final Budget Comparison

The following table sets forth the General Fund budgets for the last five fiscal years as initially adopted by the Board of Supervisors, except for Fiscal Year 2016-17, which is the recommended budget for final adoption. The Board of Supervisors is scheduled to adopt the final Fiscal Year 2016-17 General Fund budget on September 27, 2016. During the course of each fiscal year, a budget may be amended to reflect adjustments to receipts and expenditures that have been approved by the Board of Supervisors.

COUNTY OF RIVERSIDE
ADOPTED GENERAL FUND BUDGETS(1)
FISCAL YEARS 2012-13 THROUGH 2016-17
(IN MILLIONS)

	2012-13 Budget	***2013-14 Budget***	***2014-15 Budget***	***2015-16 Budget***	***2016-17 Budget***
REQUIREMENTS					
General Government	$ 180.4	$ 179.5	$ 178.0	$ 216.1	$ 209.1
Public Protection	1,072.1	1,132.4	1,190.6	1,276.2	1,345.7
Health and Sanitation	430.1	485.9	481.4	562.5	534.9
Public Assistance	762.3	835.7	902.7	1,004.8	1,003.8
Education	0.6	0.6	0.6	0.7	.7
Recreation and Cultural	0.0	0.4	0.3	0.3	.5
Debt Retirement-Capital Leases	5.0	4.9	4.9	4.7	5.1
Contingencies	7.0	20.0	23.2	35.5	20.0
Increase to Reserves	2.3	2.3	2.0	0.0	0.0
Total Requirements(3)	$ 2,459.8	$ 2,661.7	$ 2,783.7	$ 3,100.8	$3,119.8
AVAILABLE FUNDS					
Use of Fund Balance and Reserves	$ 74.0	$ 78.3	$ 48.5	$ 76.8	$ 67.7
Estimated Revenues:					
Property Taxes	211.5	229.9	256.6	280.2	301
Other Taxes	35.0	31.0	27.0	25.0	24.0
Licenses, Permits and Franchises	17.7	17.6	18.2	17.5	18.3
Fines, Forfeitures and Penalties	51.7	49.3	45.3	44.4	39.5
Use of Money and Properties	7.4	6.3	10.7	16.6	10.5
Aid from Other Governmental Agencies:					
State	1,005.5	1,097.4	1,194.0	1,356.1	1,357.4
Federal	493.9	544.9	551.8	615.3	634.1
Charges for Current Services	442.6	469.1	496.7	528.9	523.3
Other Revenues	120.5	137.9	134.9	139.9	144.0
Total Available Funds(2)	$ 2,459.8	$ 2,661.7	$ 2,783.7	$ 3,100.8	$3,119.8

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(1) Data source is the official budget documents submitted to the State Controller's Office. Figures do not reflect quarterly amendments or adjustments.

(2) Column numbers may not add up to totals due to rounding.

(3) Includes the recommended Fiscal Year 2016-17 General Fund budget. The Board of Supervisors is scheduled to adopt the final Fiscal Year 2016-17 General Fund budget on September 27, 2016.

Source: County Auditor-Controller.

Riverside County Treasurer's Pooled Investment Fund

The County Treasurer maintains one Pooled Investment Fund (the "PIF") for all local jurisdictions having funds on deposit in the County Treasury. As of July 31, 2016, the portfolio assets comprising the PIF had a market value of $6,110,619,759.63.

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the County Treasurer. On June 30, 2015, the Auditor-Controller performed an analysis on the County Treasury which resulted in the identification and classification of "mandatory" vs. "discretionary" depositors. The Auditor-Controller reports that collectively, these mandatory deposits constituted approximately 73.99% of the funds on deposit in the County Treasury, while approximately 26.01% of the total funds on deposit in the County Treasury represented discretionary deposits.

While State law permits other governmental jurisdictions to participate in the County's PIF, the desire of the County is to maintain a stable depositor base for those entities participating in the PIF.

All purchases of securities for the PIF are to be made in accordance with the County Treasurer's 2015 Statement of Investment Policy, which is more restrictive than the investments authorized pursuant to Sections 53601 and 53635 of the California Government Code. The Policy Statement requires that all investment transactions be governed by first giving consideration to the safety and preservation of principal and liquidity sufficient to meet daily cash flow needs prior to achieving a reasonable rate of return on the investment. Investments are not authorized in reverse-repurchase agreements except for an unanticipated and immediate cash flow need that would otherwise cause the Treasurer to sell portfolio securities prior to maturity at a principal loss.

The allocation of the investments in the Pooled Investment Fund as of July 31, 2016, were as follows:

	% of Pool
U.S. Treasuries	6.56%
Federal Agencies	72.31
Cash/Deposit Accounts/Money Market Mutual Funds	8.31
Commercial Paper	6.99
Municipal Notes/Bonds	5.82
Total	100.00%
Book Yield:	0.72%
Weighted Average Maturity:	1.226 Years

Source: County Treasurer-Tax Collector.

As of July 31, 2016, the market value of the PIF was 100.14% of book value. The Treasurer estimates that sufficient liquidity exists within the portfolio to meet daily expenditure needs without requiring any sale of securities at a principal loss prior to their maturity.

In keeping with Sections 53684 and 53844 of the California Government Code, all interest, income, gains and losses on the portfolio are distributed quarterly to participants based upon their average daily balance except for specific investments made on behalf of a particular fund. In these instances, Sections 53844 requires that the investment income be credited to the specific fund in which the investment was made.

The Board has established an "Investment Oversight Committee" in compliance with California Government Code Section 27131. Currently, the Committee is composed of the County Finance Director, the County Treasurer-Tax Collector, the County Superintendent of Schools, a school district representative and a public member at large. The purpose of the committee is to review the prudence of the County's investment policy, portfolio holdings and investment procedures, and to make any findings and recommendations known to the Board. As of September 29, 2004, the State no longer required the County to have a local oversight committee; however, the County has elected to maintain the committee. The committee is utilized by the County to safeguard public funds and to perform other internal control measures.

The PIF is currently rated "Aaa-bf" from Moody's Investors Service and "AAA/V1" rating from Fitch Ratings. There is no assurance that such ratings will continue for any given period of time or that any such rating may not be lowered, suspended or withdrawn entirely by the respective rating agency if, in the judgment of such rating agency, circumstances so warrant.

Ad Valorem Property Taxes

General. Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate assessment rolls. The "secured roll" is that assessment roll containing locally assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of growth in situs assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county wide or less than city wide special districts and school districts. In addition, the County levies and collects additional voter approved debt service and fixed charge assessments on behalf of any taxing agency and special districts within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after 5:00 p.m. on December 10 and April 10, respectively, and a ten percent penalty attaches. Property on the secured roll with unpaid delinquent taxes is declared tax-defaulted after 5:00 p.m. on June 30th. Such property may thereafter be redeemed by payment of the delinquent taxes, the ten percent delinquency penalty, a $38.63 administrative cost, a $36.77 per parcel redemption fee (from which the State receives five dollars), and redemption penalty of one and one half percent per month starting July 1 and continuing until date of redemption (collectively, the "Redemption Amount"). If taxes remain unpaid after five years on the default roll, the property becomes subject to a tax sale by the County Treasurer.

Property taxes on the unsecured roll are due as of January 1 lien date and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one half percent 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 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 recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

The following tables set forth the secured property tax roll and the unsecured property tax roll of the County for Fiscal Year 2005-06 through Fiscal Year 2015-16.

COUNTY OF RIVERSIDE
AD VALOREM PROPERTY TAXES - LEVIES AND COLLECTIONS
FISCAL YEARS 2005-06 THROUGH 2015-16
SECURED PROPERTY TAX ROLL[1]

Fiscal Year	*Secured Property Tax Levy*	*Current Levy Delinquent June 30*	*Percentage of Current Taxes Delinquent June 30*[2]	*Total Collections*[3]	*Percentage of Total Collections to Current Levy*
2005-06	$2,094,068,686	$88,930,195	4.25%	$2,122,973,130	101.38%
2006-07	2,559,448,076	180,175,146	7.04	2,533,225,935	98.98
2007-08	2,964,341,768	255,672,935	8.62	2,928,205,634	98.78
2008-09	3,029,936,136	222,218,035	7.33	3,146,419,870	103.84
2009-10	2,791,941,475	139,427,699	4.99	2,957,072,395	105.91
2010-11	2,698,915,858	95,454,538	3.54	2,826,336,496	104.72
2011-12	2,676,613,483	70,921,563	2.65	2,805,588,954	104.82
2012-13	2,677,034,057	58,215,544	2.17	2,800,820,511	104.62
2013-14	2,813,381,750	49,716,695	1.76	2,943,824,187	104.64
2014-15	3,014,259,026	46,145,916	1.53	3,152,661,477	104.59
2015-16	3,205,453,157	30,876,523	0.96	3,328,995,827	103.85

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(1) The Levy and Collection data reflects the 1% levy allowed under Article XIIIA of the California Constitution and additional taxes levied for voter-approved debt and special assessments. Taxes for the County, cities, schools districts, special districts and redevelopment agencies are included in the totals.

(2) Under the Teeter Plan, participating agencies receive their full levy of current secured taxes regardless of delinquency rate, subject to roll corrections during the year. Prior year taxes are deposited to the Teeter Plan fund.

(3) Includes current and prior years' redemptions, penalties and interest in current secured and unsecured taxes.

Source: County Auditor-Controller.

UNSECURED PROPERTY TAX ROLL[1]

Fiscal Year	*Unsecured Property Tax Levy*	*Total Collections*[2]	*Percentage of Total Collections to Original Levy*[2]
2005-06	$67,010,790	$65,220,783	97.33%
2006-07	71,315,299	70,418,974	98.74
2007-08	79,265,231	75,566,558	95.35
2008-09	88,531,578	86,067,900	97.22
2009-10	88,118,784	88,409,527	100.33
2010-11	86,326,418	82,483,361	95.55
2011-12	83,904,478	84,157,603	100.30
2012-13	83,848,832	78,686,704	93.84
2013-14	83,522,992	86,835,311	103.97
2014-15	84,869,586	89,749,581	105.75
2015-16[3]	84,381,854	76,365,635 (4)	90.50

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(1) The Levy and Collection data reflects the 1% levy allowed under Article XIIIA of the California Constitution and additional taxes levied for voter-approved debt and special assessments. Taxes for the County, cities, schools districts, special districts and redevelopment agencies are included in the totals.

(2) Includes current and prior years' redemptions, penalties and interest in current secured and unsecured taxes.

(3) From Unsecured Extension for Fiscal Year 2015-16.

(4) Include Period 1 and 2 Current Unsecured Collections for Fiscal Year 2015-16.

Source: County Auditor-Controller.

State legislation enacted in 1984 established the "supplemental roll," which directs the County Assessor to re-assess real property, at market value, on the date the property changes ownership or upon completion of new construction. Property on the supplemental roll is eligible for billing 30 days after the reassessment and notification to the new assessee. The resultant charge (or refund) is a one-time levy on the increase (or decrease) in value for the period between the date of the change in ownership or completion of new construction and the date of the next regular tax roll upon which the assessment is entered.

Supplemental roll billings are made on a monthly basis and are due on the date mailed. If mailed within the months of July through October, the first installment becomes delinquent on December 10 and the second on April 10. If mailed within the months of November through June, the first installment becomes delinquent on the last day of the month following the month of billing. The second installment becomes delinquent on the last day of the fourth month following the date the first installment is delinquent. These assessments are subject to the same penalties and default procedures as the secured and unsecured rolls.

The following table sets forth the supplemental tax roll of the County for Fiscal Year 2005-06 through Fiscal Year 2015-16:

COUNTY OF RIVERSIDE
SUMMARY OF SUPPLEMENTAL ROLL
AD VALOREM PROPERTY TAXATION
FISCAL YEARS 2005-06 THROUGH 2015-16

Fiscal Year	*Tax Levy for Increased Assessments*(1),(2),(3)	*Refunds for Decreased Assessments*(1), (3)	*Net Supplemental Tax Levy*	*Collections*(1),(2)
2005-06	$334,571,225	$1,818,236	$332,752,989	$248,929,219
2006-07	344,014,168	2,948,680	341,065,488	301,767,959
2007-08	171,506,667	9,019,397	162,487,270	214,671,863
2008-09(4)	60,817,712	46,478,150	14,339,562	74,316,444
2009-10	27,019,730	35,212,651	(8,192,922)(5)	19,632,809
2010-11	34,612,092	27,686,887	6,925,205	16,813,302
2011-12	26,497,836	18,807,091	7,690,745	17,105,096
2012-13	35,389,177	16,720,188	18,668,989	23,487,988
2013-14	52,907,916	8,982,077	43,925,839	41,498,433
2014-15	68,579,326	7,954,074	60,625,253	56,319,752
2015-16	70,084,954	6,399,454	63,685,501	60,101,066

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(1) These figures include tax levy, refunds and collections for all districts, including the County, cities, school districts, special districts and redevelopment agencies.

(2) Includes current and prior years' taxes, redemption penalties and interest collected.

(3) Tax levy amounts are shown net of minimum tax less than $10 and refunds are shown net of refunds of negative supplemental taxes less than $10.

(4) Changes from prior years due to decrease in housing values and lower transaction volume. See discussion below, following the table of Assessed Valuation History by Category and Property Type.

(5) The negative tax levy is a result of refunds exceeding the billed amounts.

Source: County Auditor-Controller/County Treasurer and Tax Collector.

The following table sets forth the assessed valuation by category and property type for Fiscal Year 2012-13 through Fiscal Year 2016-17:

COUNTY OF RIVERSIDE
ASSESSED VALUATION HISTORY BY CATEGORY AND PROPERTY TYPE(1)
FISCAL YEARS 2012-13 THROUGH 2016-17
(IN MILLIONS)

Category	*2012-13*	*2013-14*	*2014-15*	*2015-16*	*2016-17*
SECURED PROPERTY:					
Land	$ 63,549	$ 65,635	$ 69,805	$ 73,305	$ 76,443
Structures	132,077	138,000	150,275	160,030	169,097
Personal Property	887	878	919	875	829
Utilities	3,475	3,618	4,630	4,768	5,350
Total Secured	$ 199,988	$ 208,131	$ 225,629	$ 238,978	$ 251,719
UNSECURED PROPERTY:					
Land	$ 17	$ 13	$ 5	$ 9	$ 3
Structures	268	227	203	193	134
Improvements	3,683	3,683	3,519	3,543	3,738
Fixtures	3,895	3,691	3,700	3,736	4,083
Total Unsecured(2)	$ 7,863	$ 7,614	$ 7,427	$ 7,481	7,958
GRAND TOTAL	$ 207,851	$ 215,745	$ 233,056	$ 246,459	$ 259,677

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(1) Assessed valuation is reported as of the Equalized Roll on or before August 20 of each year. Pursuant to Article XIIIA of the State Constitution (Proposition 13), property is valued for tax purposes at the 1975 fair market value, adjusted annually for inflation (not to exceed 2%). Generally, property is reassessed at fair market value upon change of ownership and for new construction.

(2) Represents total of categories set forth above; does not represent total tax roll values.

Source: County Auditor-Controller/County Assessor.

Housing prices have been showing increases in recent years. Assessed valuations can be reduced as a result of an assessment appeal or an assessor-initialized reduction. Property owners can appeal their initial valuation at the time of acquisition to establish their Proposition 13 basis. Subsequently, they may appeal the valuation under Proposition 8 to achieve a temporary reduction below the Proposition 13 value, as adjusted. The County Assessor is required under Proposition 8 to make reductions, should declines in market values call for such reductions.

In Fiscal Year 2010-11, the Assessor proactively reviewed all residential properties purchased after January 1, 1999, which encompassed approximately 400,000 properties. This resulted in a net decline in assessed valuation from the prior fiscal year of approximately 4.25%. In Fiscal Year 2011-12, the Assessor proactively reviewed all residential properties purchased after January 1, 1999, which resulted in a 1.5% decline in assessed valuation from the prior fiscal year. In Fiscal Year 2012-13, the Assessor proactively reviewed all residential properties purchased after January 1, 1999, which resulted in a 0.15% decline in assessed valuation from the prior fiscal year. In Fiscal Year 2013-14, the Assessor proactively reviewed all residential properties purchased after January 1, 1999, which resulted in a 0.15% decline in assessed valuation from the prior fiscal year. In Fiscal Years 2014-15, 2015-16 and 2016-17, there were no additional Proposition 8 reductions of significance. Assessed valuation in the County increased from Fiscal Year 2014-15 to Fiscal Year 2015-16 by approximately 5.78%, and increased from Fiscal Year 2015-16 to 2016-17 by approximately 5.08%.

Property Tax Appeals. The County received assessment appeals applicable to Fiscal Year 2015-16 totaling approximately $5.74 billion of assessed value. Successful appeals result in either a refund of taxes paid or a reduction to an unpaid tax bill. A total of $2.1 billion of assessed value was reduced from the County tax roll in Fiscal Year 2013-14 and Fiscal Year 2014-15 due to appeals, representing $21 million in general purpose taxes over the two-fiscal year period. Approximately 82.4% of the Fiscal Year 2014-15 assessment appeals have been completed. The majority of the remaining Fiscal Year 2014-15 assessment appeals are expected to be completed by November 30, 2016.

The County cannot predict with certainty the outcome of the assessment appeals that have been filed but not resolved. It is expected that the impact of the assessment appeals on the Fiscal Year 2016-17 budget will be determined primarily by two components: (i) the remainder of the Fiscal Year 2014-15 assessment appeals still to be completed; and (ii) a portion of the Fiscal Year 2015-16 assessment appeals being completed during Fiscal Year 2016-17.

Teeter Plan

In 1993, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing section 4701) of the Revenue and Taxation Code of the State (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year-end. Under this plan, the County assumes an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and, by such financing, its General Fund receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. In addition, the County's General Fund benefits from future collections of penalties and interest on all delinquent taxes collected on behalf of participants in this alternative method of apportionment. The penalties and interest, net of financing costs, are a substantial source of income for the County.

Upon adopting the Teeter Plan in 1993, the County was required to distribute to participating local agencies 95% of the then-accumulated secured roll property tax delinquencies and place the remaining 5% in the tax losses reserve fund, as described below. Taxing entities that maintain funds in the County Treasury are all included in the Teeter Plan; other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan will be paid as taxes are collected. In Fiscal Year 2015-16, approximately 56.06% of all taxing entities within the County participated in the Teeter Plan.

Pursuant to the Teeter Plan, the County is also required to establish a tax losses reserve fund to cover losses which may occur in the amount of tax liens as a result of special sales of tax defaulted property (i.e., if the sale price of the property is less than the amount owed). The amount required to be on deposit in the tax losses reserve fund is, at the election of the County, one of the following amounts: (1) an amount not less than 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for entities participating in the Teeter Plan, or (2) an amount not less than 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for entities participating in the Teeter Plan. The County's tax losses reserve fund will be fully funded, in accordance with the County's election to be governed by the first alternative, and this amount has consistently been sufficient to provide for any tax losses. Accordingly, any additional penalties and interest that otherwise would be credited to the tax losses reserve fund are credited to the County's General Fund.

Funding for the County's on-going obligations under the Teeter Plan was completed through the issue, in October 2015, of County of Riverside 2015 Series D Teeter Obligation Notes (Tax-Exempt) (the "2015 Notes") in the amount of $87.04 million. The proceeds of the 2015 Notes refunded the outstanding County of Riverside 2014 Teeter Obligation Notes, Series D originally issued in the amount of $99.36 million, funded an advance of unpaid property taxes for agencies participating in the Teeter Plan, and paid costs of issuance related to the Notes. The 2015 Notes funded approximately $35.74 million representing Fiscal Year 2014-15 delinquent property taxes and approximately $51.1 million representing prior years' delinquent property taxes. The 2015 Notes mature on October 12, 2016. The County's General Fund is pledged to the repayment of the 2015 Notes in addition to the pledge of the delinquent taxes in the event that delinquent taxes collected are not sufficient to repay the 2015 Notes.

Largest Taxpayers

The following table shows the 25 largest taxpayers by individual tax levied in the County for Fiscal Year 2015-16:

COUNTY OF RIVERSIDE
TWENTY-FIVE LARGEST TAXPAYERS IN FISCAL YEAR 2015-16
COMBINED TAX ROLLS(1)

TAXPAYER	*TOTAL TAXES LEVIED*	*PERCENTAGE OF TOTAL TAX CHARGE*
Southern California Edison Company	$ 43,869,534.00	1.30%
Southern California Gas Company	8,996,957.28	0.27
Verizon California, Inc.	7,870,960.26	0.23
CPV Sentinel, LLC	6,755,947.56	0.20
Chelsea GCA Realty Partnership	3,350,972.48	0.10
Inland Empire Energy Center, LLC	3,185,736.40	0.09
Tyler Mall LTD Partnership	2,986,022.70	0.09
Blythe Energy, LLC	2,959,867.64	0.09
Walgreen Co	2,951,190.08	0.09
KB Home Coastal Inc	2,811,503.04	0.08
Lennar Homes of Calif Inc	2,809,385.86	0.08
Castle & Cooke Corona Crossings	2,762,329.70	0.08
Standard Pacific Corp	2,710,859.36	0.08
Target Corp	2,698,330.04	0.08
Lowes HIW Inc	2,629,343.46	0.08
Wal Mart Real Estate Business Trust	2,542,374.38	0.08
Costco Wholesale Corp	2,494,424.76	0.07
Ross Dress for Less Inc	2,478,669.50	0.07
Palm Desert Funding Co	2,343,326.98	0.07
Roripaugh Valley Restoration	2,342,824.24	0.07
Garden of Champions	2,234,880.70	0.07
AT&T Mobility LLC	2,221,597.32	0.07
D R Horton Los Angeles Holding Co	2,186,746.34	0.06
Pardee Homes	2,024,202.82	0.06
Time Warner Cable Pacific West LLC	1,966,197.15	0.06
Total	**$ 122,184,184.05**	**3.62%**
Total Tax Charge for 2015-16	**$ 3,378,273,335.61**	

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(1) Includes secured, unsecured and State-assessed property.

Source: County Treasurer and Tax Collector.

The 10 largest property owners in the County by assessed value for all properties, for the Fiscal Year 2015-16 are shown below:

COUNTY OF RIVERSIDE
TEN LARGEST PROPERTY OWNERS IN FISCAL YEAR 2015-16
BY ASSESSED VALUE

ASSESSEE	***ASSESSED VALUE***
Eisenhower Memorial Hospital	$ 371,094,578
Kaiser Foundation Hospitals	340,654,689
Kaiser Foundation Health Plan Inc.	293,246,749
Ross Dress for Less Inc.	292,590,481
Walgreens Co.	268,003,498
Target Corp.	246,737,200
Chelsea GCA Realty Partnership	240,569,323
Costco Wholesale Corp.	233,526,214
Lowes HIW Inc.	208,018,184
Wal-Mart Real Estate Business Trust	199,795,313
Subtotal	$ 2,694,236,229
All Others	240,022,495,022
Total	$ 242,716,731,251(1)

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(1) Excludes State assessed property. Does not reflect any applicable exemptions.
Source: County Assessor.

Other Taxing Entities

The County does not retain all of the property taxes it collects for its own purposes. The majority of property taxes collected by the County are disbursed to other agencies. For Fiscal Year 2014-15, the County retained approximately 12.22% of the total amount collected (and is budgeted to retain 12.24% in Fiscal Year 2015-16). The remainder is distributed according to State law (AB 8), which established a tax-sharing formula, and State redevelopment law (See "-Redevelopment Agencies" below). Taxes levied for the purpose of repaying general obligation debt, special taxes and assessments are applied to pay such obligations, less any allowable collection charges.

Redevelopment Agencies

The California Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq*.) authorized the redevelopment agency of any city or county to issue bonds payable from the allocation of tax revenues resulting from increases in assessed valuation of properties within the designated project areas. In effect, local taxing authorities other than the redevelopment agency realize tax revenues on a portion of the taxes generated in a project area including: 1) on the "frozen" tax base; 2) for project areas adopted prior to January 1, 1994, local taxing authorities may receive an additional amount based on any negotiated agreements with redevelopment agencies to receive a share of tax increment proceeds; and, 3) for project areas adopted after January 1, 1994, local taxing authorities receive a pass-through payment based on statutory rules pursuant to section 33607.5 of the California Health and Safety Code. The net effect of the formation of a redevelopment area is to redistribute tax revenues away from the AB 8 formula. Redevelopment agencies generally receive the majority of the taxes to be allocated. Other taxing entities may receive a portion of the tax revenue pursuant to agreements negotiated with the redevelopment agency.

The following table summarizes the community redevelopment agencies' frozen base value, full cash value increments, and total tax allocations for Fiscal Years 2005-06 through 2015-16.

COUNTY OF RIVERSIDE COMMUNITY REDEVELOPMENT AGENCIES' FROZEN BASE VALUE, FULL CASH VALUE INCREMENTS AND TOTAL TAX ALLOCATIONS FISCAL YEARS 2005-06 THROUGH 2015-16

Fiscal Year	*Frozen Base Value*	*Full Cash Value Increments*[1]	*Total Tax Allocations*[2] [3]
2005-06	$14,682,893,563	$42,414,898,724	$427,668,011
2006-07	14,555,513,591	52,411,876,802	529,173,451
2007-08	15,259,109,791	62,845,258,807	634,701,584
2008-09	15,257,041,079	66,803,157,176	673,622,251
2009-10	15,256,883,605	62,342,584,603	630,001,609
2010-11	15,980,487,099	58,188,212,570	586,318,387
2011-12	16,272,503,279	56,687,373,841	598,655,064
2012-13	16,352,697,201	56,178,718,338	594,476,134
2013-14	16,352,697,201	58,479,843,303	688,683,052
2014-15	16,352,691,201	62,266,158,988	729,793,564
2015-16	16,352,657,201	65,770,021,482	772,866,457

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[1] Full cash value for all redevelopment projects (including County projects) above the "frozen" base year valuations. This data represents growth in full cash values generating tax revenues for use by the community redevelopment agencies and includes State assessed properties; has not been adjusted for negative project area increment.

[2] Actual cash revenues collected by the County and available to community redevelopment agencies, subject to certain negotiated agreements with taxing entities for a share of the property tax increment.

[3] Includes general purpose and debt; excludes negative increment.

Source: County Auditor-Controller.

Legislation enacted as part of the State's 2011 Budget Act ("ABx1 26") eliminated redevelopment agencies, with formal dissolution effective February 1, 2012. The County had previously formed a redevelopment agency with project areas in 45 unincorporated communities. In accordance with ABx1 26, the County redevelopment agency dissolved on February 1, 2012 and the County's Board of Supervisors is acting as the successor agency to the County's redevelopment agency. At the time of its dissolution, the County redevelopment agency had a total land area of 82,334 acres, a base year assessed value, including State-owned land, of $3,971,824,734, and a Fiscal Year 2011-12 assessed value of $8,266,787,927. In Fiscal Year 2011-12, the pass-through payment to the County's General Fund from the County's redevelopment agency totaled $1,600,443, and was offset in its entirety pursuant to Health and Safety Code Section 33607.5. As a consequence of the dissolution of redevelopment agencies, the County receives only a fraction of the pass-through payments from the County redevelopment agency it previously received, but these amounts were relatively modest and are largely offset by the County's receipt of its tax allocation under the AB 8 formula. As the result of the dissolution, the County is receiving a share of residual, unencumbered low and moderate housing and other asset funding. Through June, 2016, the County received approximately $8.3 million in residual funds for Fiscal Year 2015-16.

In Fiscal Year 2015-16, the County received approximately $97.3 million in pass-through payments pursuant to agreements with various city redevelopment agencies, and is projecting that it will receive approximately $100.2 million in Fiscal Year 2016-17. Pursuant to ABx1 26 and its following clarifying legislation, the County's negotiated pass-through agreements with these redevelopment agencies remain in full force and effect as enforceable obligations of the successor entity to each such redevelopment agency.

Financial Statements and Related Issues

The County’s accounting policies used in preparation of its audited financial statements conform to generally accepted accounting principles applicable to counties. The County’s governmental funds and fiduciary funds use the modified accrual basis of accounting. This system recognizes revenues in the accounting period in which they become available and measurable. Expenditures, with the exception of unmatured interest on general long-term debt, are recognized in the accounting period in which the fund liability is incurred. Proprietary funds use the accrual basis of accounting, and revenues are recognized in the accounting period in which they are earned and become measurable, while expenses are recognized in the period during which they are incurred.

The State Government Code requires every county to prepare an annual financial report. The County Auditor-Controller prepares the “Annual Financial Report of the County of Riverside.” Under the U.S. Single Audit Act of 1984 and State law, independent audits are required on all operating funds under the control of the Board of Supervisors and must be conducted annually. The County’s financial statements for Fiscal Year 2014-15 were audited by Brown Armstrong Accountancy Corporation. See APPENDIX B—“THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015.”

The County adopted the provisions of GASB Statement No. 34 during fiscal year 2001-02. This statement affects the manner in which the County records transactions and presents financial information. GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the County’s financial activities in the form of “management’s discussion and analysis” (MD&A). In addition, the reporting model established by GASB Statement No. 34 includes financial statements prepared using full accrual accounting for all of the County’s activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. The reporting model features a statement of net assets and a statement of activities. The statement of net assets is designed to display the financial position of the government. The County reports all capital assets, including infrastructure assets, in the government-wide statement of net assets and reports depreciation expense in the statement of activities. The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the County’s functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the County has recorded other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. For further information on GASB Statement No. 34 and other changes in significant accounting policies, see Note 1 of the Notes to Basic Financial Statements, June 30, 2015, which are included in APPENDIX B—“THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015.”

The following table sets forth the County's Statement of Revenues, Expenditures and Change in Unreserved Funds Balances-General Fund for Fiscal Year 2010-11 through 2014-15.

COUNTY OF RIVERSIDE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES – GENERAL FUND
FISCAL YEARS 2010-11 THROUGH 2014-15
(In Thousands)

	2010-11	*2011-12*	*2012-13*	*2013-14*	*2014-15*
BEGINNING FUND BALANCE	$ 386,486	$ 343,562	$ 336,598	$ 357,249	$ 364,6761
REVENUES					
Taxes	221,807	216,746	246,144	256,746	267,708
Licenses, permits and franchises	18,187	17,648	16,442	16,588	17,829
Fines, forfeiture sand penalties	93,528	88,979	85,241	81,037	77,770
Use of money and property–Interest	8,196	4,740	1,676	4,629	4,372
Use of money and property– Rents and concessions	3,669	3,798	3,670	12,269	7,758
Government Aid–State	856,327	931,652	1,000,545	1,107,878	1,224,095
Government Aid–Federal	490,088	475,221	478,791	462,291	542,934
Governmental Aid-Other	82,147	80,332	81,169	83,169	94,217
Charges for current services	369,780	354,451	374,750	396,904	431,323
Other revenues	37,654	40,852	26,253	41,248	34,851
TOTAL REVENUES	$ 2,181,383	$ 2,214,419	$ 2,315,681	$ 2,462,759	$ 2,702,857
EXPENDITURES					
General government	$ 109,146	$ 127,195	$ 103,895	$ 106,045	$ 109,900
Public protection	1,025,584	1,010,999	1,043,017	1,116,621	1,189,466
Public ways and facilities	-	-	-	-	8
Health and sanitation	345,649	369,165	388,325	416,005	478,047
Public assistance	731,017	719,670	735,057	795,309	865,309
Education	548	579	564	586	590
Recreation and cultural	364	324	346	287	317
Capital Outlay	8,321	2,671	1,721	2,965	54,529
Debt service	24,829	21,426	19,576	15,475	12,877
TOTAL EXPENDITURES	$ 2,245,458	$ 2,252,029	$ 2,292,501	$ 2,453,293	$ 2,711,043
Excess (deficit) of revenues over (under) expenditures	(64,075)	(37,610)	23,180	9,466	(8,186)
OTHER FINANCING SOURCES (USES)					
Transfer from other reserves	$ 106,047	$ 123,587	$ 92,297	$ 95,017	$ 87,924
Transfer to other funds	(93,217)	(98,045)	(96,547)	(101,021)	(103,554)
Capital Leases	8,321	2,671	1,721	2,965	54,529
Total other Financing Sources (Uses)	$ 21,151	$ 28,213	$ (2,529)	$ (3,039)	$ 38,899
NET CHANGE IN FUND BALANCES(2)	$ (42,924)	$ (9,397)	$ 20,651	$ 6,427	$ 30,713
FUND BALANCE, END OF YEAR(1) (2)	$ 343,562	$ 336,598	$ 357,249	$ 363,676	$ 395,389

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(1) Restated.

(2) As of June 30, 2011, the County's financial statements reported fund balance in accordance with GASB Statement No. 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Source: County Auditor-Controller.

The following table sets forth the County's General Fund balance sheets for Fiscal Years 2010-11 through 2014-15.

COUNTY OF RIVERSIDE
GENERAL FUND BALANCE SHEETS
AT JUNE 30, 2011 THROUGH JUNE 30, 2015
(In Thousands)

	2011	*2012*	*2013*	*2014*	*2015*
ASSETS:					
Cash & Marketable Securities	$ 160,887	$ 151,845	$ 128,655	$ 129,305	$ 133,487
Taxes Receivable	17,790	14,046	10,931	9,849	9,243
Accounts Receivable	12,771	9,196	9,167	11,281	10,846
Interest Receivable	1,119	643	687	650	785
Advances to Other Funds	3,692	3,342	3,342	5,842	7,442
Due from Other Funds	18,787	14,227	9,071	11,157	11,854
Due from Other Governments	276,656	328,817	308,532	333,728	317,901
Inventories	1,564	1,187	2,059	1,682	1,638
Prepaid items	277	298	818	--	--
Restricted Assets	283,095	299,673	307,452	350,158	358,985
Total Assets	$ 777,638	$ 823,274	$ 780,714	$ 853,652	$ 852,181
LIABILITIES:					
Accounts Payable	$ 84,116	$ 75,996	$ 24,234	$ 61,288	$ 24,756
Salaries & Benefits Payable	50,374	57,391	57,519	68,156	79,116
Due To Other Funds	2,639	1,466	9,190	248	2,172
Due to Other Governments	34,550	40,804	23,377	20,395	32,894
Deferred Revenue	260,343	311,003	66,855	65,929	48,535
Deposits Payable	2,054	16	19	61	43
Advances from other funds	--	--	--	5,000	--
Advances from grantors and third parties	--	--	242,271	268,899	269,276
Total Liabilities	$ 434,076	$ 486,676	$ 423,465	$ 489,976	$ 456,792
FUND BALANCE:(1)					
Nonspendable	$ 2,214	$ 1,834	$ 3,247	$ 2,045	$ 2,001
Restricted	98,552	101,651	101,440	117,595	122,967
Committed	50,097	52,439	42,183	32,820	39,422
Assigned	3,463	8,674	10,460	7,772	5,144
Unassigned	189,236	171,910(2)	199,919(2)	203,444	225,855
Fund Balance	$ 343,562	$ 336,598	$ 357,249	$ 363,676	$ 395,389
Total Liabilities and Fund Balance	$ 777,638	$ 823,274	$ 780,714	$ 853,652	$ 852,181

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(1) As of June 30, 2011, the County's financial statements reported fund balance in accordance with GASB Statement No. 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

(2) Annual fluctuations are due mainly to fluctuation in tax revenue, general government expenditures, interest earnings and State allocations.

Source: County Auditor-Controller.

COUNTY OF RIVERSIDE
GENERAL FUND BALANCES
AT JUNE 30, 2008 THROUGH JUNE 30, 2015
(In Thousands)

	Reserved	*Unreserved*	*Total*
2008	$84,466	394,302	$478,768
2009	91,196	280,925	372,121
2010	90,374	296,112	386,486

	Nonspendable	*Restricted*	*Committed*	*Assigned*	*Unassigned*	*Total*
2011(1)	$2,214	$ 98,552	$50,097	$ 3,463	$189,236	$343,562
2012	1,834	101,651	52,439	8,764	171,910	336,598
2013	3,247	101,440	42,183	10,460	199,919	357,249
2014	2,045	117,595	32,820	7,772	203,444	363,676
2015	2,001	122,967	39,422	5,144	225,855	395,389

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(1) As of June 30, 2011, the County's financial statements reported fund balance in accordance with GASB Statement No. 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Source: County Auditor-Controller.

Short-Term Obligations of County

On July 1, 2016, the County issued its 2016-17 Tax and Revenue Anticipation Note (the "2016-17 TRAN") in the principal amount of $340,000,000 to provide funds to meet the County's Fiscal Year 2016-17 General Fund expenditures, including current expenses, capital expenditures and prepayment of pension plan contributions. The 2016-17 TRAN is due on June 30, 2017. The 2016-17 TRAN is payable from taxes, income, revenues, cash receipts and other moneys of the County attributable to the County's 2016-17 Fiscal Year which are legally available for the payment thereof. The County has issued tax and revenue anticipation notes annually for over twenty consecutive years with timely repayment.

Long-Term Obligations of County

Since its formation in 1893, to the best knowledge of County officials, the County has never failed to pay the principal of or interest on any of its bonded indebtedness. As of August 15, 2016, the County had $889,831,745 in direct general fund obligations and $304,520,000 in pension obligation bond indebtedness, as reflected in the following table, and has no authorized but unissued general obligation debt. Set forth below is an estimated direct and overlapping debt report as of August 15, 2016.

COUNTY OF RIVERSIDE
ESTIMATED DIRECT AND OVERLAPPING OBLIGATIONS
(AS OF AUGUST 15, 2016)

2016-17 Assessed Valuation: $ 255,866,488,676 (includes unitary utility valuation)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 8/15/16
Metropolitan Water District	6.315%	$ 5,864,425
Community College Districts	1.188-100.	617,624,025
Unified School Districts	1.280-100.	2,503,704,146
Perris Union High School District	100.	114,315,877
Elementary School Districts	100.	74,556,391
City of Riverside	100.	11,390,000
Eastern Municipal Water District Improvement Districts	100.	34,540,000
Riverside County Flood Control, Zone 3-B and 4 Benefit Assessment District	100.	21,565,000
San Gorgonio Memorial Hospital District	100.	112,220,000
Community Facilities Districts	50.225-100.	2,863,774,575
Riverside County 1915 Act Bonds	100.	1,610,000
City and Special District 1915 Act Bonds (Estimated)	100.	204,894,050
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$ 6,566,058,489

DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	**100.%**	**$ 889,831,745**(1)
Riverside County Pension Obligations	**100.**	**304,520,000**
Riverside County Board of Education Obligations	100.	935,000
School Districts General Fund and Lease Tax Obligations	1.280-100.	449,939,460
City of Corona General Fund Obligations	100.	44,030,186
City of Moreno Valley General Fund Obligations	100.	70,978,000
City of Indio General Fund Obligations	100.	19,730,000
City of Palm Springs Certificates of Participation and Pension Obligation Bonds	100.	138,085,352
City of Riverside Certificates of Participation	100.	227,416,284
City of Riverside Pension Obligation Bonds	100.	101,000,000
Other City General Fund Obligations	100.	67,361,843
Other Special District Certificates of Participation	100.	1,803,228
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 2,315,631,098
Less: **Riverside District Court Financing Corporation (100% supported from U.S. General Services Administration)**		**6,236,938**
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 2,309,394,160
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$ 2,485,524,218
GROSS COMBINED TOTAL DEBT		$ 11,367,213,805(2)
NET COMBINED TOTAL DEBT		$ 11,360,976,867

Ratios to 2016-17 Assessed Valuation:	
Overlapping Tax and Assessment Debt	2.57%
Combined Gross Direct Debt ($1,194,351,745)	**0.47%**
Combined Net Direct Debt ($1,188,114,807)	**0.46%**
Gross Combined Total Debt	4.44%
Net Combined Total Debt	4.44%

Ratios to Successor Agency Redevelopment Incremental Valuation ($69,550,413,908):	
Total Overlapping Tax Increment Debt	3.57%

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(1) Excludes the County's 2016-17 Tax and Revenue Anticipation Notes and the Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds, 2016 Series.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Lease Obligations

The County has used nonprofit corporations and joint powers authorities to finance certain public facilities through the issuance of lease obligations. Pursuant to these arrangements, a nonprofit corporation or joint powers authority constructs or acquires facilities with the proceeds of lease revenue obligations, which are then leased to the County. Upon expiration of the lease, title to the facilities vests in the County.

As of August 1, 2016, the County's current outstanding lease obligations total $888,742,745. The County's annual lease obligation is approximately $86,975,766 and the maximum annual lease payment is $133,544,059.

The table on the following page sets forth the County's outstanding lease obligations and the respective annual lease requirements as of August 1, 2016.

COUNTY OF RIVERSIDE
SUMMARY OF LEASE RENTAL OBLIGATIONS
(PAYABLE FROM THE COUNTY'S GENERAL FUND)
(AS OF AUGUST 1, 2016)

	Final Maturity Year	*Original Lease Amount*	*Obligations Outstanding*	*Annual Base Rental*
Riverside County Hospital Project, Leasehold Revenue Bonds:				
1997 Series A	2026	$ 41,170,073	$ 32,580,807	
1997 Series C	2019	3,265,000	3,265,000	
2012 Series A and B(1)	2019	90,530,000	66,880,000	$ 19,524,497(1)
County of Riverside 1990 Taxable Variable Rate Certificates of Participation (Monterey Avenue)	2020	8,800,000	3,400,000	879,000(2)
Riverside County Palm Desert Financing Authority Lease Revenue Bonds 2008 Series A	2022	72,445,000	40,680,000	8,257,000
County of Riverside Certificates of Participation (2009 Larson Justice Center Refunding)(3)	2021	36,100,000	15,230,000	2,562,375
Riverside District Court Financing Corporation (United States District Court Project):				
Series 1999	2020	24,835,000	5,936,938	
Series 2002	2020	925,000	300,000	1,829,006(4)
County of Riverside Leasehold Revenue Bonds (Southwest Justice Center Project) 2008 Series A(5)	2032	78,895,000	73,830,000	6,426,602
County of Riverside Certificates of Participation (2007A Public Safety Commission Project)	2022	111,125,000	21,185,000	8,626,500
County of Riverside Southwest Communities Financing Authority Lease Revenue Bonds, Series 2008 A	2038	15,105,000	13,480,000	1,156,456
County of Riverside Certificates of Participation (2009 Public Safety Communication and Woodcrest Library Refunding Projects)(6)	2040	45,685,000	45,140,000	1,918,300
County of Riverside Monroe Park Building 2011 Lease Financing	2020	5,535,000	2,790,000	678,722
County of Riverside Certificates of Participation (2012 County Administrative Center Refunding Project)(7)	2031	33,360,000	28,330,000	2,509,388
County of Riverside Public Financing Authority (2012 Lease Revenue Refunding Bonds)(8)	2033	17,640,000	14,780,000	1,385,025
County of Riverside Leasehold Revenue Bonds (2013 Series A Public Defender/Probation Bldg and Riverside County Technology Solution Center Projects)	2043	66,015,000	63,920,000	4,278,588
Riverside Community Properties Development, Inc. Lease Revenue Bonds (2013 Riverside County Law Building Project)	2044	44,380,000	44,380,000	3,110,250
County of Riverside Lease Revenue Bonds (Courts Facilities Project), Series 2014 A &2014 B (Taxable) (9)	2033	18,495,000	14,810,000	2,348,126
County of Riverside Public Financing Authority (2015 A Lease Revenue Bonds)	2046	325,000,000	325,000,000	15,596,900
County of Riverside Infrastructure Financing Authority (2015 A Lease Revenue Refunding Bonds)) (10)	2037	72,825,000	72,825,000	5,889,031
TOTAL		$ 1,112,130,073	$ 888,742,745	$ 86,975,766

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(1) Total annual base rental for Riverside County Hospital Project, Leasehold Revenue Bonds. The 2012 Series A and B Bonds refunded the 1997 B Bonds. A portion of the proceeds of the 2012 Bonds was used to redeem the 1997 B Bonds and the remaining proceeds will be used to pay for improvements of the Medical Center Campus.

(2) Annual base rental estimated at assumed interest rate of 9%. The average interest rate for the twelve-month period ending May 31, 2016 was approximately 0.26%.

(3) The 2009 Larson Justice Center Refunding Project Refunded the 1998 Larson Center Refunding Project.

(4) Total annual base rental for Riverside District Court Financing Corporation (United States District Court Project).

(5) The 2008 Series A refunded the 2000 Series B SWJC Project.

(6) The 2009 Public Safety Communication and Woodcrest Library Refunding Project refunded the 2007B Public Safety Communication Refunding Project and the 2006 Capital Appreciation Notes.

(7) The 2012 County Administrative Refunding Project refunded the 2001 County Administrative Annex Project.

(8) The 2012 Public Financing Authority Lease Revenue Refunding Bonds refunded the 2003A Palm Desert Financing Authority Lease Revenue Bonds.

(9) The 2014 Series A & B (Taxable) County of Riverside Lease Revenue Bonds refunded the County of Riverside Certificates of Participation (Capital Facilities Project) 2003 Series B, County of Riverside Certificates of Participation (Historic Courthouse Project) 2003 Series A and the County of Riverside Court Financing Corporation Certificates of Participation (Bankruptcy Courthouse Acquisition Property).

(10) The 2015 Series A Infrastructure Financing Authority Lease Revenue Refunding Bonds refunded the County of Riverside Certificates of Participation (Capital Facilities Project) 2005 Series A, County of Riverside Certificates of Participation (Historic Courthouse Refunding Project) 2005 Series B and the County of Riverside Certificates of Participation (Capital Facilities Projects) 2006 A.

Source: County Executive Office.

Lease Lines of Credits

On February 4, 2013, the County entered into a $40 million multi-year lease line of credit with Banc of America Public Capital Corp. to finance various capital equipment needs of County departments. An additional $20 million extension of this lease line of credit was executed July 21, 2015, which was exhausted April 14, 2016. An additional lease line of credit with Banc of America Public Capital Corp. was approved by the County December 15, 2015 for $20 million with an option for an additional $20 million after the initial funds are exhausted. The County started using the additional lease line of credit April 14, 2016 and had an available balance of approximately $9.8 million of unused credit remaining as of August 2, 2016.

Capital Lease Repurchase Agreements

On January 29, 2013, the County entered into a Master Equipment Lease Purchase Agreement with Banc of America Capital Corp. in the amount of $15,000,000 to finance the purchase and installation of Cisco voice, video, wireless and data converged network equipment to replace all of the County's phones, auto attendants, Interactive Voice Response System, call centers, voicemail and wireless networks. On June 25, 2013, the County entered into an amendment to the Master Equipment Lease Purchase Agreement to provide for an additional $3,250,000 in lease financing for additional equipment. As of August 1, 2016, approximately $8,000,000 principal amount remained outstanding under the original lease and $2,000,000 principal amount remained outstanding under the first amendment to the lease, which are scheduled to be repaid in full by 2019 and 2020, respectively. On September 22, 2015, the County entered into a subsequent Master Equipment Lease Purchase Agreement to finance the last of the required equipment in an additional amount of $6,380,000, of which approximately $4,600,000 remained outstanding as of August 1, 2016 and which is scheduled to be repaid in full by 2022.

On October 30, 2014, the County entered into a Lease Purchase Agreement with Banc of America Public Capital Corp. in the amount of $54,573,300 to finance the purchase and installation of certain solar equipment for the purpose of reducing County energy costs. As of August 1, 2016, the entire principal owed under the Lease Purchase Agreement remained outstanding and is scheduled to be repaid in full by 2035. Lease payments are scheduled to begin September 30, 2016.

Interest Rate Swap Agreements

The County adopted a written interest rate swap policy (the "Swap Policy") establishing the guidelines for the use of management of interest rate swaps as a method of lowering financing costs and reducing the risks associated with fluctuations in interest rates. The Swap Policy is reviewed annually to provide the appropriate internal framework to ensure that consistent objectives, practices, controls and authorizations are maintained to minimize the County's risk related to its debt portfolio.

Simultaneously with the issuance of the County's Leasehold Obligation Bonds (Southwest Justice Center Refunding) 2008 Series A, the County entered into an amended and restated interest rate swap agreement with a notional amount of $76,300,000. The interest rate swap agreement was novated in January 2012 to substitute Wells Fargo Bank, N.A. as the new counterparty (the "Counterparty"). Under the swap agreement the County has an obligation to pay the Counterparty a fixed rate of 5.155 percent and the County receives 64 percent of one month LIBOR from the Counterparty. The bonds and the related swap agreement mature on November 1, 2032. The Counterparty was rated "Aa2" by Moody's, "AA-" by Standard & Poor's and "AA" by Fitch as of April 2016. Downgrade provisions specify that if the long-term senior unsecured debt rating of the Counterparty is withdrawn, suspended or falls below "BBB" (in the case of S&P) or "Baa2" (in the case of Moody's), the County or the party so downgraded is required to post collateral in the amount of its exposure. If the swap agreement is terminated and, at the time of such termination, the fair market value of the swap agreement was negative, the County would be liable to the Counterparty for a termination payment equal to the swap's fair market value. As of July 29, 2016, the swap agreement had a negative fair market value of approximately $29.2 million (based on the quoted market price from the Counterparty at such date).

The County's regularly scheduled swap payments are insured by Assured Guaranty Corp. The swap agreement provides that if an "Insurer Event" occurs, whereby the insurer fails at any time to have one out of two of the following ratings: (i) a claims-paying ability rating of "A-" or higher from S&P, or (ii) a financial strength rating of "A3" or higher from Moody's, and only in the event that the County's ratings have also been downgraded to below the threshold level of "Baa2" from Moody's and "BBB" from S&P, the County would be required, within one business day of receiving a notice from the Counterparty, to either (A) provide an alternate credit support document acceptable to the Counterparty from a credit support provider with a claims paying ability rating of at least "AA-" from S&P and a financial strength rating of at least "Aa3" from Moody's or an unenhanced rating on its unsecured unsubordinated long-term debt of at least "AA-" from S&P and at least "Aa3" from Moody's, or (B) give notice to the Counterparty that it will thereafter be subject to the ISDA Credit Support Annex as both a Secured Party and a pledgor in accordance with the terms of such ISDA Credit Support Annex. As of April 2016, Assured Guaranty Corp. had a rating of "AA" by S&P and "A2" from Moody's. An explanation of the significance of the above ratings may be obtained from the applicable rating agency.

Employees

The following tables set forth the number of County employees for Fiscal Years 2006 through 2016.

COUNTY OF RIVERSIDE
REGULAR EMPLOYEES
2006 THROUGH 2016

Year	*Regular Employees*[1]
2006	15,832
2007	17,584
2008	18,912
2009	18,013
2010	17,671
2011	17,764
2012	17,815
2013	18,728
2014	18,620
2015	19,244
2016[2]	19,404

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(1) As of December 31st of each year. Excludes temporary and per diem employees.

(2) As of May 2, 2016.

Source: County Human Resources Department.

County employees comprise 13 bargaining units, plus another 7 unrepresented employee groups. The bargaining units are represented by six labor organizations. The two largest of these organizations are Service Employees International Union, Local 721 ("SEIU") and the Laborers International Union of North America ("LIUNA"), which represent approximately 72% of all County employees in a variety of job classifications. Salary, benefits and personnel items for management, confidential and other unrepresented employees which are exempt from collective bargaining, are governed by a County Resolution and Ordinance which contain provisions for these personnel related matters.

The County's non-management law enforcement employees (non-management), are represented by the Riverside Sheriffs' Association ("RSA"). Management employees of the law enforcement group are represented by the Riverside County Law Enforcement Management Unit ("LEMU"). The Public Defenders, County Counsel and Prosecuting Attorneys of the District Attorney's Office are represented by the Riverside County Deputy District Attorneys Association ("RCDDAA").

In Fiscal Year 2011-12, the County entered into collective bargaining agreements with all of its bargaining units. Most of the agreements cover a four to five year period, with the longest agreement extending to June 2017. As part of these agreements, the parties agreed to a phase out of the County's obligation to pay the employee's required member contributions towards retirement ("EPMC"). The elimination of the County's retirement obligation to pay employee's required member contributions produced significant annual savings. Member retirement contributions and County offsets of employee contributions are not included in the required employer contribution rates prepared by PERS.

The County's collective bargaining agreements with RSA and LIUNA expired on June 30, 2016. RSA has submitted to the County a request to bargain. The County does not expect bargaining to commence prior to June 24, 2016. Currently, RSA and LIUNA are in negotiations with the County. During the last 20 years, there has been no major County employee work stoppage.

COUNTY OF RIVERSIDE
LABOR ORGANIZATIONS[1]

Bargaining Units or Employee Group	*Number of Employees*	*Expiration Date of Contract*
Management, Confidential, and Other Unrepresented	1,413	N/A
Law Enforcement Management Unit (LEMU)	478	June 30, 2017
Riverside County Deputy District Attorneys' Association (RCDDAA)	383	June 30, 2017
Riverside Sheriffs' Association (RSA)	3,284	June 30, 2016
Service Employees International Union (SEIU)	7,150	November 30, 2016
Laborers' International Union of North America (LIUNA)	7,575	June 30, 2016
Total	20,283	

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(1) Includes all County districts.

Source: County Human Resources Department.

Retirement Program

General. The County provides retirement benefits to all regular County employees through its contract with California Public Employees' Retirement System ("PERS"), a multiple-employer public sector employee defined benefit pension plan. The retirement plan, as amended, provides pension benefits for eligible employees in the Miscellaneous and Safety Plans (herein defined), with PERS. PERS provides service and disability retirement benefits, annual cost-of-living adjustments and death benefits to PERS members and beneficiaries. The retirement benefits are based on years of service, benefit factor (determined by age at retirement), and final compensation which is the highest average pay rate and special compensation during any consecutive one-year period of employment (for Tier 1 employees) or three-year period of employment (for Tier 2 and Tier 3 employees). The benefit calculation for members is the product of the benefit factor (based on age), years of service, and final compensation. Due to recent pension reform, the County's retirement plan currently includes three tier levels of benefits.

COUNTY OF RIVERSIDE
EMPLOYEES PER RETIREMENT TIER[(1)]
(As of May 2, 2016)

Tier Level	*Number of Employees in Tier Level*
Tier 1	13,927
Tier 2	698
Tier 3	4,779
Total	19,404

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(1) Excludes Temporary, Per Diem, and Seasonal Employees.
Source: County Human Resources Department.

Miscellaneous members, who qualify for retirement benefits based on their date of hire, are enrolled in one of three tiers of benefits Tier I (3% at 60), Tier II (2% at 60), or Tier III (2% at 62). Safety members, who qualify for retirement benefits based on their date of hire, are enrolled in one of three tiers of benefits Tier I (3% at 50), Tier II (2% at 50), or Tier III (2.7% at 57). The three tiers of retirement benefits all provide for cost-of-living adjustments of up to 2% per year after retirement. For further information on the County's pension obligations, see Note 20 of the Notes to Basic Financial Statements, June 30, 2015, which are included in APPENDIX B – "THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015."

In September 2003, the County established the Pension Advisory Review Committee ("PARC"). The purpose of PARC is to develop a better institutional understanding of the County's pension plan (the "Plan"), currently managed by PERS and to advise the Board of Supervisors on important matters concerning the Plan. PARC reports annually to the Board of Supervisors on the performance of the Plan and evaluates strategies to address appropriate funding of the Plan.

The Board of Supervisors approved a second tier ("Tier II") level of retirement benefits for new Miscellaneous and Safety employees. On August 23, 2012, the County implemented a Tier II retirement benefit applicable to employees first employed by the County after August 23, 2012. The Tier II retirement benefit calculation is based on year of service, age, and the average monthly eligible wages earned during the highest three consecutive years of employment. The Tier II retirement benefit for Miscellaneous Plan members ranges from 1.092% at age 50 to 2.418% at age 63 and beyond. For Safety Plan members, the Tier II benefits range from 2% at age 50 to 2.7% at 55 and beyond. The plans also provide for cost-of-living adjustments of up to 2% per year after retirement.

On September 12, 2012, Governor Brown signed Assembly Bill 340, creating the Public Employees' Pension Reform Act ("PEPRA") and amending certain sections of the County Employees Retirement Law of 1937 (the "1937 Act"). The majority of the PEPRA changes first impacted the rates and benefit provisions on the June 30, 2013 valuation for Fiscal Year 2015-16 rates. Among other things, PEPRA created a new retirement benefit tier ("Tier III") for new employees/members entering public agency employment and public retirement system membership for the first time on or after January 1, 2013.

The new Tier III formulas for both Miscellaneous and Safety provide for a reduced benefit and was required to be implemented by all public agency employers unless the retirement formula in existence on December 31, 2012 had both a lower normal cost and lower benefit factor at normal retirement age. PEPRA requires that all new employees hired on or after January 1, 2013, pay at least 50% of the normal cost contribution. Tier III benefits are set 2% at 62 for Miscellaneous members and 2.7% at 57 for Safety members. PEPRA mandated all new members be subject to a pensionable compensation cap, which limits the annual salary that can be used to calculate final compensation for all new members. Adjustments to the limits are permitted annually based on changes to the Consumer Price Index (CPI) for all urban consumers. The normal cost contribution is the contribution set by the retirement system's actuary to cover the cost of current year of service. The County projects that the implementation of the Tier II and Tier III formulas will reverse the trend of increasing CalPERS contributions beginning in Fiscal Year 2022-23.

The County's PERS Contract. The following information concerning PERS is excerpted from publicly available sources that the County believes to be reliable; however, the County takes no responsibility as to the accuracy of such information and has not independently verified such information. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee and employer contributions and earnings from investments. PERS maintains two pension plans for the County, a Miscellaneous Plan (the "Miscellaneous Plan") and a Safety Plan (the "Safety Plan" and, together with the Miscellaneous Plan, the "PERS Plans"). The County contributes to PERS based on the annual actuarial valuation rates recommended by PERS.

The staff actuaries at PERS prepare an annual actuarial valuation which covers a fiscal year ending approximately 15 months before the actuarial valuation is prepared. The actuarial valuation expresses the County's required contribution rates in percentages of payroll, which is the percentage the County must contribute in the fiscal year immediately following the fiscal year in which the actuarial valuation is prepared (e.g., the County's contribution rates derived from the actuarial valuation as of June 30, 2014, which was prepared in October 2015, is effective for the County's Fiscal Year 2016-17). PERS rules require the County to implement the actuary's recommended rates.

In calculating the annual actuarially required contribution rates, the PERS actuary calculates on the basis of certain assumptions regarding the actuarial present value of the benefits that PERS will pay under the PERS Plans, which includes two components, the Normal Cost and the Unfunded Accrued Actuarial Liability (the "UAAL"). The normal cost represents the actuarial present value of benefits that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between assets on deposit at PERS and the present value of the benefits that PERS will pay under the PERS Plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions such as, the rate of investment return, average life expectancy, average age at retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAAL is an estimate of the unfunded actuarial present value of the benefits that PERS will distribute under the PERS Plans to retirees and active employees upon their retirement. It is not a fixed or hard expression of the liability the County owes to PERS under the PERS Plans. The County's actual liability under the PERS Plans could be materially higher or lower.

In March 2012, the PERS Board approved a change in the inflation assumption used in the actuarial valuations that set employer contribution rates. The inflation assumption was changed from 3% to 2.75%. The change impacted the inflation component of the annual investment return assumption, the long term payroll growth assumption and the individual salary increase assumptions as follows: (i) the annual assumed investment return has decreased from 7.75% to 7.50%; and (ii) reducing payroll growth from 3.25% to 3%. The change to the inflation assumption also impacted the cost of living adjustments and purchasing power protection allowances assumed in the actuarial valuations. The PERS Board also approved the amortization of gains and losses from Fiscal Years 2008-09 through 2010-11 over a fixed and declining 30-year period (rather than a rolling 30-year amortization).

In June 2012, the GASB issued Statement No. 68, which revises and establishes new financial reporting requirements for governments that provide their employees with pension benefits. Prior to implementing GASB 68, employers participating in a cost-sharing multiple-employer defined benefit pension plan (cost-sharing plan) administered by CalPERS did not need any additional information beyond what was included in CalPERS' audited financial statements. Similarly, employers participating in an agent multiple-employer defined benefit pension plan (agent plan) administered by CalPERS used information from the CalPERS funding actuarial valuation reports for accounting and financial reporting purposes. With the implementation of GASB 68, employers will be required to recognize a liability as employees accrue pension benefits. For the first time, employers will recognize their net pension liability, and pension expenses.

On April 17, 2013, the PERS Board approved a recommendation to change the PERS amortization and rate smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy, which spread investment returns over a 15-year period while experience gains and losses were amortized over a rolling 30-year period. Effective with the June 30, 2013 valuations, PERS will no longer use an actuarial value of assets and will employ an amortization and smoothing policy that will spread rate increases or decreases over a 5-year period, and will amortize all experience gains and losses over a fixed 30-year period. The new amortization and smoothing policy will be used for the first time in the June 30, 2013 actuarial valuations. These valuations will be performed in the fall of 2014 set employer contribution rates for Fiscal Year 2015-16. The Fiscal Year 2015-16 rate for Miscellaneous was 15.429% and Safety was 23.585%. For complete updated inflation and actuarial assumptions, please contact PERS at California Public Employees Retirement System, Lincoln Plaza, 400 Q Street, Sacramento, CA 95811, Telephone: (888) 225-7377.

On February 19, 2014, the CalPERS Board of Administration adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have long-term blended returns that continue to support a discount rate assumption of 7.5%. The Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these changes is the change in mortality improvement to acknowledge the greater life expectancies CalPERS is experiencing within its membership. The new actuarial assumptions will be used to set the FY 2016-17 contribution rates for public agency employers. The increase in liability due to new actuarial assumptions will be calculated in the 2014 actuarial valuation and will be amortized over a 20-year period with a 5-year ramp-up and a 5-year ramp-down, resulting in a total 30-year amortization period.

In addition to required County contributions, members are also obligated to make certain payments. The Tier I members' contribution rates are fixed at 8% of salaries for the Miscellaneous Plan and 9% of salaries for the Safety Plan. Tier II and Tier III contribution rates vary based on the terms of the collective bargaining agreements in effect and PEPRA. In addition to making annual contributions to PERS in accordance with the applicable actuarial valuation, the County has historically been obligated pursuant to collective bargaining arrangements to pay a portion of the employees' required contribution to PERS (these payments by the County are referred to herein as the "County Offsets of Employee Contributions").

Funding Status. The actuarial value of assets, the actuarial accrued liability and the funding status with respect to the Safety Plan and the Miscellaneous Plan are set forth under "— Historical Funding Status." In the actuarial valuation for the Miscellaneous Plan as of June 30, 2014, the most recent PERS actuarial valuation report, the PERS actuary recommended an employer contribution rate of 16.476% be implemented as the required rate for Fiscal Year 2016-17, which the County anticipates will result in a contribution to PERS of approximately $161.6 million for that fiscal year. In addition, the County will pay PERS for the Miscellaneous Plan approximately $293,000 in County Offsets of Employee Contributions for Fiscal Year 2016-17, which will result in a total contribution by the County to PERS for the Miscellaneous Plan for Fiscal Year 2016-17 of approximately $161.6 million. In the actuarial valuation for the Safety Plan as of June 30, 2014, the most recent PERS actuarial valuation report, the PERS actuary recommended an employer contribution rate of 26.57% be implemented as the required rate for Fiscal Year 2016-17, which the County anticipates will result in a contribution to PERS of approximately $85.7 million for that fiscal year. As of Fiscal Year 2016-17, the County no longer pays County Offsets of Employee Contributions to PERS for the Safety Plan.

Absent reforms, some of which have already been initiated by the County, contribution rates under the PERS Plans are expected to increase substantially over the next few years due to the significant investment losses during Fiscal Year 2008-09. While investment gains experienced in Fiscal Years 2009-10 through 2012-13 will offset some of the previous losses, recent investment returns have been substandard and an actuarial loss remains, requiring the County to pay the entire normal cost payment plus a portion of the UAAL that has resulted. It is also anticipated that employer contribution rates will increase as a result of the PERS Board approval of a lower discount rate of 7.5% down from 7.75%, with the stated intention of lowering the discount rate to 6.5% by 2035.

On February 17, 2005, the County issued its Taxable Pension Obligation Bonds, Series 2005A (the "2005 Pension Obligation Bonds") in the original principal amount of $400,000,000, the proceeds of which were used to fund approximately 90% of the County's estimated actuarial accrued liability as of February 17, 2005. The 2005 Pension Obligations Bonds remain outstanding in the principal amount of $304,520,000, with annual debt service payments of approximately $31,639,000. The payment to PERS resulted in a net pension asset of $396.9 million, $311.2 million of which was applied to the County's UAAL for the Miscellaneous Plan and $85.7 million of which was applied to the County's UAAL for the Safety Plan. According to Bartel, the 2005 Pension Obligation Bonds have resulted in a net gain to the County of approximately $72 million as of February 15, 2016. A liability management fund was established in connection with the 2005 Pension Obligation Bonds. By Board policy, each year in its annual report, PARC recommends to the Board whether the funds in the liability management fund should be applied to purchase 2005 Pension Obligations Bonds or to transfer the funds to PERS to reduce the County's PERS liability. In 2015, PARC recommended a transfer of the liability management fund balance of $3.3 million to PERS. The effect of such prepayments on the County's UAAL, if any, will depend on a variety of factors, including but not limited to future investment performance.

Historical Funding Status. The following two tables, for the Safety Plan and the Miscellaneous Plan, respectively, set forth the UAAL and funded status as of the valuation dates from June 30, 2009 through June 30, 2014 and the total employer contributions made by the County for Fiscal Year 2011-12 through Fiscal Year 2015-16. The two tables are based on PERS Actuarial Reports for those years:

HISTORICAL FUNDING STATUS
(Safety Plan)

Valuation Date June 30	***Unfunded Accrued Actuarial Liability***	***Funded Status (Actuarial Value)***	***Affects County Contribution for Fiscal Year***	***County Contribution Amount[1]***	***County Offsets of Employee Contributions[2]***
2009	$131,506,806	92.0%	2011-12	$60,667,388	$13,460,331
2010	184,737,814	89.8	2012-13	63,652,359	11,594,226
2011	286,064,497	85.9	2013-14	71,724,520	2,843,364
2012	225,792,281	89.2	2014-15	70,139,838	605,908
2013[4]	509,464,128	77.7	2015-16	73,878,291[3]	638,203[3]
2014	517,389,969	80.2	2016-17	85,699,103[3]	680,948[3]

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[1] Figures listed are amounts paid by the County to PERS in the specific years and do not reflect all amounts paid by the County under the Safety Plan, as debt service with respect to the County's outstanding pension obligation bonds, or otherwise.

[2] Reductions from prior years due to staggered implementation of employee-paid retirement contributions beginning in Fiscal Year 2011-12. The County continues to offset 1.75% of contributions for Safety Plan members under Tier III (the employee contribution rate is 10.75%). The projected increase in Fiscal Year 2015-16 is due to increased payroll of that membership.

[3] Estimated amount; reflects Safety Plan membership, cost of living adjustment and contribution rates as of Fiscal Years 2015-16 and 2016-17.

[4] Beginning with the June 30, 2013, valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

Source: PERS Actuarial Reports for June 30, 2009 through June 30, 2014 (UAAL and Funded Status) and the County (County Contribution Amount and County Offsets of Employee Contributions).

HISTORICAL FUNDING STATUS
(Miscellaneous Plan)

Valuation Date June 30	*Unfunded Accrued Actuarial Liability*	*Funded Status (Actuarial Value)*	*Affects County Contribution for Fiscal Year*	*County Contribution Amount*[(1)]	*County Offsets of Employee Contributions*[(2)]
2009	$ 389,195,847	89.7%	2011-12	$103,892,326	$36,974,032
2010	444,330,905	89.2	2012-13	106,685,618	17,525,337
2011	538,055,042	87.9	2013-14	125,248,122	7,319,320
2012	536,480,531	88.6	2014-15	127,786,977	292,784
2013(4)	1,034,364,773	79.3	2015-16	136,169,803(3)	307,423(3)
2014	973,226,141	82.8	2016-17	161,587,239(3)	293,000(3)

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(1) Figures listed are amounts paid by the County to PERS in the specific years and do not reflect all amounts paid by the County under the Miscellaneous Plan, as debt service with respect to the County's outstanding pension obligation bonds, or otherwise.

(2) Reductions from prior years due to staggered implementation of employee-paid retirement contributions beginning in Fiscal Year 2011-12. The County continues to pay 8% of the 8% required contributions for Miscellaneous Plan members who are covered by Riverside County Deputy District Attorney Association bargaining unit.

(3) Estimated amount; reflects Miscellaneous Plan membership, cost of living adjustment and contribution rates as of Fiscal Years 2015-16 and 2016-17.

(4) Beginning with the June 30, 2013 valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

Source: PERS Actuarial Reports for June 30, 2009 through June 30, 2014 (UAAL and Funded Status) and the County (County Contribution Amount and County Offsets of Employee Contributions).

A five-year schedule of the funding progress of the Safety Plan and the Miscellaneous Plan are presented in the following two tables:

SCHEDULE OF FUNDING PROGRESS
(Safety Plan)

Valuation Date June 30	***Accrued Liability (a)***	***Actuarial Value of Assets (b)***	***Unfunded Liability (a-b)***	***Funded Status (Actuarial Value) (b/a)***	***Annual Covered Payroll (c)***	***UAAL as a Percentage of Payroll ((a-b)/c)***	***Market Value of Assets (MVA)***	***Funded Ratio MVA***
2010	$1,809,467,588	$1,624,729,774	$184,737,814	89.8%	$265,165,399	69.7%	$1,279,783,747	70.7
2011	2,032,001,280	1,745,936,783	286,064,497	85.9	273,169,605	104.7	1,565,799,198	77.1
2012	2,086,406,405	1,860,614,124	225,792,281	89.2	261,703,717	86.3	1,567,404,726	75.1
2013	2,285,586,497	1,776,122,369(1)	509,464,128	77.7	271,367,032	187.7	1,776,122,369	77.7
2014	2,615,686,777	2,098,296,808	517,389,969	80.2	295,171,068	175.2	2,098,296,808	80.2

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(1) Beginning with the June 30, 2013 valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

Source: PERS Actuarial Reports for June 30, 2010 through June 30, 2014.

SCHEDULE OF FUNDING PROGRESS
(Miscellaneous Plan)

Valuation Date June 30	***Accrued Liability (a)***	***Actuarial Value of Assets (b)***	***Unfunded Liability (a-b)***	***Funded Status (Actuarial Value) (b/a)***	***Annual Covered Payroll (c)***	***UAAL as a Percentage of Payroll ((a-b)/c)***	***Market Value of Assets (MVA)***	***Funded Ratio MVA***
2010	$4,097,191,707	$3,652,860,802	$444,330,905	89.2%	$854,932,117	52.0%	$2,882,444,152	70.4%
2011	4,461,553,672	3,923,498,630	538,055,042	87.9	812,362,628	66.2	3,525,640,733	79.0
2012	4,708,881,750	4,172,401,219	536,480,531	88.6	836,418,298	64.1	3,520,189,846	74.8
2013	5,008,806,968	3,974,442,195(1)	1,034,364,773	79.3	856,593,282	120.8	3,974,442,195	79.3
2014	5,656,121,103	4,682,894,962	973,226,141	82.8	897,506,714	108.4	4,682,894,962	82.8

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(1) Beginning with the June 30, 2013 valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

Source: PERS Actuarial Reports for June 30, 2010 through June 30, 2014.

The following table shows the percentage of salary which the County was responsible for contributing to PERS from Fiscal Year 2011-12 through Fiscal Year 2016-17 to satisfy its retirement funding obligations.

SCHEDULE OF EMPLOYER CONTRIBUTION RATES

Valuation Date June 30,	*Affects Contribution Rate for Fiscal Year:*	*Safety Plan*	*Miscellaneous Plan*
2009	2011-12	21.286%	13.112%
2010	2012-13	22.459	13.494
2011	2013-14	23.368	15.001
2012	2014-15	21.899	14.527
2013	2015-16	23.585	15.429
2014	2016-17	26.570	16.476

Source: PERS Actuarial Reports for June 30, 2009 through June 30, 2014.

Projected County Contributions. The County's projections with respect to the County contributions below reflect certain significant assumptions concerning future events and circumstances. The information and the related assumptions are future projections and are not to be construed as representations of fact or representation that in fact the information shown will be the correct amounts for the years indicated. Rather, these amounts reflect good faith estimates by the County taking into account a variety of assumptions. Variations in the assumptions may produce substantially different results. Actual results during the projection period may vary from those presented in the forecast, and such variations may be material. Accordingly, prospective investors are cautioned to view these estimates as general indications of trends and orders of magnitude and not as precise amounts.

During the 2013-14 Fiscal Year, based on PERS' experience in recent years, PERS adopted several changes to the PERS Plans, including the elimination of asset smoothing methodologies, a 25-year amortization period for future gains and losses, elimination of annual caps on increases, and other changes based on a new experience study, including mortality improvements and other demographic assumptions. The changes will impact the County's contribution rates beginning in Fiscal Year 2015-16 and will be fully implemented by Fiscal Year 2020-21. Based on its current analysis of the data, the County projects that its contribution rates will increase significantly during such period, to a contribution rate of approximately 24.2% of payroll for the Miscellaneous Plan and approximately 34.0% of payroll for the Safety Plan. A description of these projections and their underlying assumptions are included in the PARC report which is available on the County's website or upon request.

The County's projected contribution rates are affected by the market rate of return in the PERS Plans. There currently exists a difference between the actuarial value and the market value of the assets in the PERS Plans. An actuarial valuation of assets differs from a market valuation of assets in that an actuarial valuation reflects so-called smoothing adjustments, which spread the impact of gains and losses over multiple years. When the market asset return in the PERS Plans differs from the actuarial assumed rate of 7.50% in any fiscal year, the actuarial practice of smoothing losses over several years impacts the contribution rate until such differences are fully realized by the actuarial valuation. For example, when the market rate of return is below the assumed rate, the PERS Plans will realize a loss for actuarial purposes. Any such actuarial loss will be smoothed in a manner that the PERS Plans will only be impacted by a pre-determined portion of that loss in one fiscal year, which will act to gradually increase contribution rates in succeeding fiscal years. For further details on the smoothing policy of PERS, see "—The County's PERS Contract" above.

Other Retirement Plans. The County also provides a Defined Benefit Pension Plan (the "Plan") to employees who are not eligible for Social Security or PERS retirement benefits through the County. This plan is subject to Internal Revenue Code Section 401(a), and is self-funded and self-administered. Participants in the Plan are required to contribute 3.75% of their eligible compensation to the Plan in lieu of Social Security tax. Based on the actuarial valuation of June 30, 2015, the County's current required contribution level is 3.08% to maintain a funded ratio of over 80%. As of June 30, 2015, the plan was funded at 80%. The County's contribution to the Plan was $606,694 for Fiscal Year 2014-15 and is estimated to be approximately $540,800 for Fiscal Year 2015-16. The Plan's unfunded liabilities as of June 30, 2015 were approximately $3.5 million. Overall, the plan's unfunded actuarial accrued liability (UAAL) increased from the prior valuation due to the net result of the following: 1) demographic experience was different than expected, which resulted in a liability loss; 2) funding interest rate assumption changed from 6.5 percent to 6.0 percent; 3) lump sum interest changed from 6.0 percent to 5 percent, which resulted in higher liabilities; 4) assets were lower than expected due to unfavorable investment return on plan assets (0.41 percent compared to 6.5 percent assumed).

Other Post-Employment Benefits. The County provides certain post-retirement health insurance benefits to qualifying retired employees and their eligible dependents or survivors. Regular employees with a minimum service of five years and who are at least age 50 at retirement qualify to receive the post-retirement benefits.

The County obtained an actuarial valuation of its Post-Employment Health Benefits obligations, calculated in accordance with GASB Statement 45 as of July 1, 2015 (the "Health Benefits Valuation"), prepared by Aon Hewitt. Based on the combination of plans and contribution levels that the County offers, assuming an investment rate of 7.28%, the present value of benefits was estimated to be $46.2 million, the accrued actuarial liability was estimated to be $41.2 million and the annual normal cost was $0.65 million. If the accrued actuarial liability of $41.2 million were amortized over a 30-year period, the total annual required contribution (normal cost plus amortization amount) would have been $1.07 million.

The Board of Supervisors took action on October 25, 2006 to set aside $10 million as a contribution to the California Employers' Retiree Benefit Trust (the "OPEB Trust"). On November 7, 2007 the irrevocable OPEB Trust was established with PERS and a payment of $10.4 million was made to the OPEB Trust. On June 26, 2009, the County contributed an additional $2.2 million to the OPEB Trust. The pre-funding of OPEB through the use of the OPEB Trust allows the County to use different actuarial assumptions to determine the actuarial value of assets and liabilities, including assuming a higher rate of return on assets held in the OPEB Trust. According to the Health Benefits Valuation, the overall actions of the Board have reduced the County's OPEB present value of benefits from $237 million in 2006 to $47 million most recently.

In May 2014, GASB issued an exposure draft of a statement that will change employer accounting and financial reporting for post-employment benefits other than pensions (OPEB). The impact is expected to be similar to that of GASB 67/68 for pension plans, which must be adopted for the Fiscal Year ending June 30, 2015. It is anticipated this new statement for OPEB would be effective for fiscal years beginning after December 15, 2016. The changes include moving unfunded liabilities from footnotes to the balance sheet creates the potential for more volatile periodic expense and a change in the discount rate basis.

Riverside University Health System - Medical Center ("RUHS")

RUHS – Medical Center ("RUHS") is a 520,000 square foot tertiary care and Level II trauma facility, licensed for 439 beds. There are 362 licensed beds in the main acute-care hospital and 77 licensed beds in a separate psychiatric facility. RUHS has 12 operating rooms including one with a da Vinci Xi surgical robot, a helipad located directly adjacent to the trauma center, and digital radiology services, including magnetic resonance imaging (MRI) and computerized tomography (CT), and all single-bed rooms. There are also adult, pediatric and neonatal intensive care units, a birthing center and complete pulmonary services, including hyperbaric oxygen treatments. The RUHS provides services to patients covered by various reimbursement programs, principally Medi-Cal and Medicare, and some commercial insurance, while providing services to the uninsured.

The County has the responsibility for providing health care to all individuals, regardless of their ability to pay or insurance status. Declining and inadequate federal and State health care reimbursement, non-payment by uninsured population and the costs of an older and sicker population, have placed significant demands on the County's health care system. These factors have negatively affected RUHS's financial performance over the past several years.

In 2013, the County retained Huron Consulting Group ("Huron") to provide consulting services designed to improve efficiencies and increase revenue at RUHS. The initial engagement is complete and Huron continues to monitor many of the initiatives to ensure they are sustained.

On November 26, 2013, the Board of Supervisors approved a temporary transfer of approximately $26 million to RUHS from the County's Waste Management Enterprise Fund to pay for the Huron engagement. RUHS is required to repay this loan, with interest calculated at the County's pool investment fund rate, beginning in 2016 through 2022. If RUHS is unable to timely repay this loan in full, any unpaid amounts will be transferred to the County's Waste Management Enterprise Fund from unencumbered amounts in the County's General Fund.

Based on its audited financial statements for the Fiscal Year ended June 30, 2015, RUHS reported a net income surplus of $57 million. This is a significant improvement over Fiscal Year 2013-14, when RUHS experienced a change in net position of negative $62 million, and over Fiscal Year 2012-13, when RUHS experienced a change in net position of negative $18.3 million. Much of the improvement was the result of significantly better operating performance resulting from 1) the impact of the Affordable Care Act (ACA) resulting in less charity care provided and 100% reimbursement of cost for the newly eligible population, 2) the favorable impact of the Huron engagement on labor and non-labor which management built upon during the fiscal year, and 3) the collection of receivables in excess of determined values at June 30, 2014 as a result of working with the managed care plans and payers.

In December 2015, California's Section 1115 Medicaid Demonstration Waiver, which funds hospitals and indigent care, was renewed for 5 years by the Centers for Medicare and Medicaid Services. The new waiver – entitled Public hospital Reform and Incentives in Medi-Cal ("PRIME") -- will provide funding to shift the focus of care away from hospital-based and inpatient care and instead towards outpatient, primary, and preventive care. RUHS is organizing to ensure a pay-for-performance transformation that accomplishes the goal of continuing support, maximizing federal funds and improving the system of care for Riverside County. However, it is unknown at this time precisely how funding changes will affect RUHS's revenues, as the FY16 represents the first year of PRIME's new funding mechanisms.

For Fiscal Year 2015-16, consistent with its past practice, the County contributed approximately $10 million to RUHS from its tobacco settlement revenue receipts and $5 million in redevelopment pass through funds to pay for operating expenses and debt service on the main RUHS facility. The County has budgeted to make the same contributions in Fiscal Year 2016-17. Additionally, the County committed $10 million in Fiscal Year 2015-16 toward RUHS's new electronic records system. In Fiscal Year 2016-17, the County has budgeted to make general fund contributions to RUHS in the amount of $11 million, for a total of $26 million from tobacco settlement revenue receipts, redevelopment pass through funds and County General Fund funds.

Insurance

The County is self-insured for short-term disability, unemployment insurance, general liability, medical malpractice and workers' compensation claims. General liability claims are self-insured to $2 million for each occurrence and the balance (to $25 million for each occurrence) is insured through CSAC Excess

Insurance Authority. Medical malpractice is self-insured for the first $1.1 million for each claim with a $1.5 million limit on a claims made basis excess of the County's self-insured retention followed by a $20 million limits on an occurrence basis through CSAC Excess Insurance Authority. For a total limit of $21.5 million excess of the County's self-insured retention. Workers' compensation claims are self-insured to $2 million for each occurrence and the balance of statutory limits (unlimited) is insured through CSAC Excess Insurance Authority. Long-term disability income claims are fully insured by an independent carrier.

The property insurance program provides insurance coverage for all risks subject to a $50,000 per occurrence deductible; flood coverage is $100,000 per occurrence deductible within a 100-year flood zone and a $50,000 deductible outside of a 100-year flood zone. There is also a $190 million excess all risk and flood rooftop layer sitting excess above the towers for a total of $600 million in all risk limits for all towers. Earthquake coverage (covering scheduled locations and buildings equal to or greater than $1 million in value and lesser valued locations where such coverage is required by contract) has a sub-limit in each tower of $100 million with an additional $390 million excess rooftop limit combined for towers I through V. Earthquake is subject to a deductible equal to 5% of total value per building subject to a $100,000 minimum. Boiler and Machinery provides up to $100 million in limits, with a $5,000 deductible per event. The limits in each tower are shared with other counties on a per event basis. If a catastrophic event occurs and losses exceed the limits, the County would be responsible for such amounts.

The activities related to such programs are accounted for in internal service funds. Accordingly, estimated liabilities for claims filed or to be filed for incidents which have occurred through June 30, 2015 are reported in these funds. Where these funds have an unfunded liability, or insufficient reserves to cover all incurred but not reported claims, the County has developed a policy to manage the accumulated deficits at a reasonable level. Revenues of the internal service funds are primarily provided by other County funds and are intended to cover self-insured claim liabilities, insurance premiums and operating expenses. The combined cash balance in these funds as of June 30, 2015 was approximately $163.369 million.

Litigation

There is no action, suit or proceeding known to the County be pending or threatened, restraining or enjoining the execution or delivery of the Note or in any way contesting or affecting the validity of the foregoing or any proceedings of the County taken with respect to any of the foregoing. Although the County may, from time to time, be involved in legal or administrative proceedings arising in the ordinary course of its affairs, it is the opinion of the County that any currently-pending or known threatened proceedings will not materially affect the County's finances or impair its ability to meet its obligations.

The County is currently involved in litigation brought by the Agua Caliente Band of Cahuilla Indians ("Agua Caliente") in federal court requesting a declaration that the County's assessment, levy, and collection of a possessory interest tax on non-tribal members on tribal and U.S. trust lands violates federal law. For Fiscal Year 2015-16, the total possessory interest tax for Agua Caliente's non-tribal member leases is estimated to be approximately $29,000,000, of which $3,500,000 is allocable to the County. Should Agua Caliente be successful, the County would be prohibited from assessing, levying, and collecting the possessory interest tax in the future. In addition, taxpayers could have the right to seek a refund of possessory interest taxes paid for the previous four years with interest. The County estimates that its total liability for such refunds would be approximately $14 million, plus accrued interest. The County denies the allegations of the complaint and is actively defending the action.

Approximately 240 taxpayers have filed two different lawsuits in Superior Court seeking refunds for such possessory interest taxes paid. The total amount of the claims is approximately $8,700,000, of which the County's share is approximately $1,132,000 plus interest. It is likely that if the taxpayers' suits are successful, others will also litigate similar claims. However, the County is defending the actions and expects to prevail.

In December 2014, a putative class action complaint was filed in federal court against the County. The complaint alleges that the County Department of Public Social Services violated the civil rights of the plaintiff and a class of similarly situated individuals by removing minor children from parental custody without a warrant and in the absence of exigent circumstances. The County has filed an answer denying all allegations and is defending the litigation. A class-certification motion is set for a hearing on February 8, 2017, at which time the County's exposure will be more certain. If a class is certified and the suit succeeds on the merits, the County's exposure could be substantial.

APPENDIX B

SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of the provisions of the Site Lease, Lease Agreement and the Indenture of Trust relating to the Bonds. Such summary is not intended to be definitive, and reference is made to the complete documents for the complete terms thereof.

DEFINITIONS

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

"Acquisition and Construction Costs" means all costs of payment of, or reimbursement for, acquisition, construction and installation of the 2016 Project, including but not limited to, architect and engineering fees, construction contractor payments, costs of feasibility and other reports, inspection costs, performance bond premiums, permit fees, legal and consultant costs, administrative costs, and amounts due by the Authority under the Lease Agreement or the Trust Agreement, or due by the Authority under the Lease Agreement or the Trust Agreement.

"Acquisition and Construction Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Additional Rental Payments" means the amounts of additional rental which are payable by the County under the Lease Agreement.

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Board of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

"Bond Fund" means the fund by that name established and held by the Trustee under the Indenture.

"Bond Year" means each twelve-month period extending from November 2 in one calendar year to November 1 of the succeeding calendar year, both dates inclusive; except that the first Bond Year commences on the Closing Date and extends to and including November 1, 2016.

"Bonds" means, collectively, the Series A Bonds and the Taxable Series A-T Bonds.

"Closing Date" means the date of original issuance of the Bonds.

"Federal Securities" means: (a) any 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), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

"Insurance Consultant" means an individual or firm retained by the County as an independent insurance consultant that is experienced in the field of risk management.

"Lease Payment Date" means, with respect to any Interest Payment Date, the 5th Business Day immediately preceding such Interest Payment Date.

"Lease Payments" means the amounts payable by the County under the Lease Agreement as rental for the Leased Property, including any prepayment thereof and including any amounts payable upon a delinquency in the payment thereof, but excluding Additional Rental Payments.

"Leased Property" means the real property described in Appendix A to the Lease Agreement, together with all improvements and facilities at any time situated thereon, consisting generally of a public parking facility in the County.

"Net Proceeds" means amounts derived from any policy of casualty insurance or title insurance with respect to the Leased Property, or the proceeds of any taking of the Leased Property or portion thereof in eminent domain proceedings (including sale under threat of such proceedings), to the extent remaining after payment therefrom of all expenses incurred in the collection and administration thereof.

"Owner", when used with respect to any Bond, means the person in whose name the ownership of such Bond is registered on the Bond registration books of the Trustee.

"Permitted Encumbrances" means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may permit to remain unpaid under Article V of the Lease Agreement; (b) the Site Lease, the Lease Agreement, the Assignment Agreement and the Restrictive Covenant Agreement, dated as of October 28, 2008, by and between the County and Palm Desert Redevelopment Agency; (c) any right or claim of any mechanic, laborer, material man, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy with respect to the Leased Property issued as of the Closing Date by First American Title Company; and (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the County certifies in writing will not materially impair the use of the Leased Property for its intended purposes.

"Permitted Investments" means any of the following:

(a) any 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), for which the full faith and credit of the United States of America are pledged.

(b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

(c) Any direct or indirect obligations of an agency or department of the United States of America whose obligations represent the full faith and credit of the United States of America, or which are rated A or better by S&P.

(d) Interest-bearing deposit accounts (including certificates of deposit) in federal or State chartered savings and loan associations or in federal or State of California banks (including the Trustee and its affiliates), provided that: (i) the unsecured obligations of such commercial bank or savings and loan association are rated A or better by S&P; or (ii) such deposits are fully insured by the Federal Deposit Insurance Corporation.

(e) Commercial paper rated, at the time of purchase, "A-1+" or better by S&P.

(f) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of "A-1+" or better by S&P.

(g) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(h) Obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by S&P, or (b) fully secured as to the payment of principal and interest by Permitted Investments described in clauses (a) or (b).

(i) Obligations issued by any corporation organized and operating within the United States of America having assets in excess of $500,000,000, which obligations are rated A or better by S&P.

(j) Bonds or notes issued by any state or municipality which are rated A or better by S&P.

(k) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated A or better by S&P at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event either of such ratings at any time falls below A.

(l) The Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

(m) County Treasurer's Pooled Investment Fund.

(n) CalTRUST.

"Revenues" means: (a) all amounts received by the Authority or the Trustee under or with respect to the Lease Agreement, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts payable by the County under the Lease Agreement in respect of additional debt, and (ii) any Additional Rental Payments; and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

"Series A Bonds" means the $36,740,000 aggregate principal amount of Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds, 2016 Series A authorized by and at any time Outstanding under the Indenture.

"Site Lease Payment" means the amount designated as such and payable by the Authority to the County on the Closing Date under the Site Lease.

"S&P" means Standard & Poor's, a division of the McGraw Hill Companies, of New York, New York, its successors and assigns.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

"Taxable Series A-T Bonds" means the $3,245,000 aggregate principal amount of Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds, 2016 Series A-T (Federally Taxable) authorized by and at any time Outstanding under the Indenture.

"2016 Project" means (i) the rehabilitation, including but not limited to seismic retrofitting, of the County-owned building located at 4075 Main Street in the City of Riverside for use by the County's Law Offices of the Public Defender and (ii) any other public improvements selected by the County.

SITE LEASE

Under the Site Lease, the County agrees to lease the Leased Property to the Authority in consideration of the payment by the Authority of the Site Lease Payment on the Closing Date. The Authority agrees to cause the full amount of the Site Lease Payment to be raised from the proceeds of the Bonds, and to cause the Site Lease Payment to be deposited with the Trustee in the Prepayment Fund. No further rent payment is due by the Authority for the lease of the Leased Property under the Site Lease. The Site Lease is for a term commencing on the Closing Date and extending to the date on which no Bonds remain outstanding under the Indenture, but not later than ten years following the final stated maturity date of the Bonds. In the event of any release or substitution of property under the Lease Agreement as described below, the description of the property leased under the Site Lease will be modified accordingly.

LEASE AGREEMENT

Lease of Leased Property; Term

Under the Lease Agreement, the Authority leases the Leased Property back to the County. The Lease Agreement is for a term commencing on the Closing Date and extending to the date on which no Bonds remain outstanding under the Indenture, but not later than ten years following the final stated maturity date of the Bonds.

Lease Payments

The County agrees to pay semiannual Lease Payments, subject to abatement as described below, as the rental for the use and occupancy of the Leased Property. On each Lease Payment Date, the County is obligated to deposit with the Trustee the full amount of the Lease Payments coming due and payable on the next Interest Payment Date, to the extent required to be paid by the County under the Lease Agreement. Any amount held in the Bond Fund, the Interest Account or the Principal Account on any Lease Payment Date (other than amounts specifically required to be credited to the prepayment of Lease Payments), will be credited towards the Lease Payment then coming due and payable.

Source of Payments

The Lease Payments are payable from any source of available funds of the County, subject to the provisions of the Lease Agreement relating to abatement.

Budget and Appropriation

The County covenants to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease Agreement and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. Such covenant constitutes a duty imposed by law and each and every public official of the County is required to take all actions required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the County. On or about July 1 of each Fiscal Year, the County will provide to the Trustee a Written Certificate, signed by an Authorized Representative, in which it will certify that it has complied with the Indenture for such Fiscal Year.

Abatement of Lease Payments

The Lease Payments will be abated under the Lease Agreement during any period in which there is substantial interference with the County's use and occupancy of all or any portion of the Leased Property, including interference due to: (a) damage or destruction of the Leased Property in whole or in part or (b) eminent domain proceedings with respect to the Leased Property or any portion thereof.

The amount of such abatement is required to be an amount determined by the County, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property. In the event of such abatement, the County will have no obligation to pay abated Lease Payments and there is no remedy available to the Trustee or the Bond Owners arising from such abatement. Notwithstanding the foregoing, there will be no abatement of Lease Payments to the extent that rental interruption insurance Net Proceeds are available to pay Lease Payments which would otherwise be abated under the Lease, such proceeds and amounts being constituted a special fund for the payment of the Lease Payments.

Option to Prepay

The County has the option to prepay the principal components of the Lease Payments in whole, or in part in any integral multiple of $5,000, from any source of legally available funds, on any Interest Payment Date on which the Bonds are subject to optional redemption, at a prepayment price equal to the aggregate principal components of the Lease Payments to be prepaid, together with the interest component of the Lease Payment required to be paid on such Interest Payment Date, and together with a prepayment premium equal to the premium (if any) required to be paid on the resulting redemption of Bonds under the Indenture.

Substitution of Property

The County has the option at any time and from time to time during the term of the Lease Agreement to substitute other land, facilities or improvements (the “Substitute Property”) for the Leased Property or portion thereof (the “Former Property”) provided that the County must satisfy all of the requirements set forth in the Lease Agreement, including the following:

(a) No Event of Default has occurred and is continuing.

(b) The County has filed with the Authority and the Trustee, and caused to be recorded in the office of the Riverside County Assessor-County Clerk-Recorder sufficient memorialization of, an amendment to the Lease Agreement which adds the legal description of the Substitute Property to the Lease Agreement and deletes therefrom the legal description of the Former Property.

(c) The County has obtained a CLTA or ALTA policy of title insurance insuring the County’s leasehold estate in the Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the estimated value thereof.

(d) The County has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the County and constitutes property that the County is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the County and to serve an essential governmental function of the County.

(e) The Substitute Property does not cause the County to violate any of its covenants, representations and warranties made in the Lease Agreement and will not adversely impact the tax-exempt status of interest on the Series A Bonds.

(f) The County has filed with the Authority and the Trustee a written certificate of the County or other written evidence stating that the estimated value of the Substitute Property (together with any remaining portion of the Leased Property that has not been substituted) is at least equal to the outstanding principal amount of the Bonds, that the fair rental value of the Substitute Property (together with any remaining portion of the Leased property that has not been substituted) is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement, and that the useful life of the Substitute Property at least extends to the date that is ten years after the final maturity date of the Bonds.

(g) The County has mailed written notice of such substitution to each rating agency that then maintains a rating on the Bonds.

(h) The County will have provided the Authority and Trustee with an opinion of nationally recognized bond counsel to the effect that such substitution will not, in and of itself, cause the interest on the Series A Bonds to be included in gross income for federal income tax purposes.

Following the date on which all of the foregoing conditions precedent to such substitution are satisfied, the term of the Lease Agreement ceases with respect to the Former Property and continues with respect to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The County will not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution.

Release of Property

The County has the option at any time and from time to time during the term of the Lease Agreement to release any portion of the Leased Property from the Lease Agreement (the "Released Property") provided that the County must satisfy all of the requirements set forth in the Lease Agreement, including the following:

(a) No Event of Default has occurred and is continuing.

(b) The County has filed with the Authority and the Trustee, and caused to be recorded in the office of the Riverside County Assessor-County Clerk-Recorder sufficient memorialization of, an amendment which removes the Released Property from the Site Lease and the Lease Agreement.

(c) The County has certified in writing to the Authority and the Trustee that the value of the property which remains subject to the Lease Agreement following such release is at least equal to the aggregate outstanding principal amount of the Bonds, and the fair rental value of the property which remains subject to the Lease Agreement following such release is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.

(d) The County has mailed written notice of such release to each rating agency that then maintains a rating on the Bonds.

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon end as to the Released Property. The County is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Board and the County will execute, deliver and cause to be recorded all documents required to discharge the Site Lease, the Lease Agreement and the Assignment Agreement of record against the Released Property.

Maintenance, Utilities, Taxes and Modifications

The County, at its own expense, has agreed to maintain or cause to be maintained the Leased Property in good repair; the Authority has no responsibility for such maintenance. The County is also obligated to pay all taxes and assessments charged to the Leased Property. The County has the right under the Lease Agreement to remodel the Leased Property and to make additions, modifications and improvements to the Leased Property, provided that any such additions, modifications and improvements to the Leased Property are of a value which is not substantially less than such value of the Leased Property immediately prior to making such additions, modifications and improvements. The County will not permit any mechanic's or other lien to be established or to remain against the Leased Property, except that the County has the right in good faith to contest any such lien.

Insurance

The County will secure and maintain or cause to be secured and maintained at all time with insurers of recognized responsibility all coverage on the Leased Property required by the Lease Agreement. Such insurance will consist of:

(a) A policy or policies of insurance against loss or damage to the Leased Property known as "all risk," including flood, but excluding earthquake, which will be maintained at any time in an amount per occurrence at least equal to the least of (i) the cumulative replacement values of the Leased Property and, in the case of a policy covering more than the Leased Property, as permitted by the next succeeding sentence, any other property that is the subject of a lease, installment purchase agreement or other financing arrangement for which bonds, certificates of participation or other obligations will have been issued or (ii) the aggregate amount of the principal component of the then-remaining Lease Payments payable hereunder; *provided* that the amount of coverage required by this sentence may be reduced to a smaller amount if an Insurance Consultant retained by the County provides written advice to the Trustee that, based upon its evaluation of the County's maximum foreseeable loss in the event of a major conflagration, windstorm, explosion, riot, flood or similar event, a specified smaller amount is believed to be reasonable given the nature of the risks insured and the proximity of the insured properties to each other. Such insurance may be in the form of a policy that covers the Leased Property and one or more additional parcels of real property leased or owned by the County which may be limited in an amount per occurrence in the aggregate to the amount required by the preceding sentence. Such insurance may at any time include a deductible clause providing for a deductible not to exceed $100,000 for any one loss (except for flood, in which case the deductible may not exceed $250,000 for any one loss). The County may obtain such coverage as a joint insured with one or more other public agencies located within or outside of the County that may be limited in an amount per occurrence in the aggregate for all insureds as described in the first sentence of this paragraph (a) and that may be limited in a cumulative amount of claims during a 12-month period in the aggregate for all insureds in an amount not less than $500,000,000. Otherwise conforming policies satisfying the requirements of this paragraph (a) may provide that amounts payable as coverage for rental interruption under this paragraph (a) may be reduced by amounts payable under paragraph (c) below for the same occurrence, and vice versa. The County is, however, under no obligation to provide insurance against loss or damage occasioned by the perils of earthquake.

(b) In the event that such coverage is not included in paragraph (a) above, boiler and machinery coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Leased Property in an amount not less than $75,000,000 per accident; *provided, however*, that the amount of coverage required by this sentence may be reduced to a smaller amount if an Insurance Consultant retained by the County provides written advice to the Trustee that, based upon its evaluation of the County's maximum foreseeable loss in the event of loss or damage by steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Leased Property, a specified smaller amount is believed to be reasonable. Such insurance may be in the form of a policy that covers the Leased Property and one or more additional parcels of real property leased or owned by the County that may be limited in amount to $75,000,000 per accident. Such insurance may at any time include a deductible clause providing for a deductible not to exceed $100,000 for any one loss. The County may obtain such coverage as a joint insured with one or more public agencies located within or without the County that may be limited in amount to $75,000,000 per accident. Otherwise conforming policies satisfying the requirements of this paragraph (b) may provide that amounts payable as coverage for rental interruption under this paragraph (b) may be reduced by amounts payable under paragraph (c) below for the same occurrence, and vice versa.

(c) So long as any Bonds are Outstanding, rental interruption insurance to cover loss, total or partial, of the use of any part of the Leased Property as a result of any of the hazards covered by the insurance required pursuant to paragraph (a) or (b) above, as the case may be, in an amount sufficient at all times to pay the maximum total rent payable under the Lease Agreement for a period of not less than two consecutive years' Lease Payments for the Leased Property; *provided* that such rental interruption insurance may be included in the policy or policies provided pursuant to paragraph (a) or (b) above

> without increasing the aggregate limits for coverage with respect to any hazard covered thereby. Such insurance also may be in the form of a policy that covers the Leased Property and one or more additional parcels of real property leased or owned by the County. The County also may obtain an otherwise conforming policy required by this paragraph (c) as a joint insured with one or more other public agencies within or without the County which may, with respect to any hazard, be limited in aggregate amount for all insureds to the amount of the policy or policies required pursuant to paragraph (a) or (b) above, as the case may be, which insures against such hazard. Otherwise conforming policies satisfying the requirements of this paragraph (c) may provide that amounts payable as coverage under this paragraph (c) may be reduced by amounts payable for rental interruption under paragraph (a) or (b) above, as the case may be, for the same occurrence, and vice versa.

The County will collect, adjust and receive all moneys that may become due and payable under any policies contemplated by paragraphs (a) and (b) above, and, may compromise any and all claims thereunder and will transfer the net proceeds of such insurance as provided in the Lease Agreement or in the Indenture. The Trustee will not be responsible for the sufficiency of any insurance required in the Lease Agreement. 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 County.

Any insurance policy issued pursuant to paragraph (a) or (b) above will be so written or endorsed as to make losses, if any, payable to the County, the Authority and the Trustee as their respective interests may appear, and the Net Proceeds of the insurance required by paragraphs (a) or (b) above will be applied as provided the Lease Agreement. The Net Proceeds, if any, of the insurance policy described in paragraph (c) above will be payable to the Trustee and deposited into the Bond Fund. Each insurance policy provided for in the Lease Agreement will contain a provision to the effect that the insurance company will not cancel the policy or modify it materially and adversely to the interests of the Authority or the Trustee without first giving written notice thereof to the Authority and the Trustee at least 30 days in advance of such intended cancellation or modification.

The County will file a Written Certificate of the County with the Trustee not later than January 31 of each year certifying that the insurance policies required by the Lease Agreement are in full force and effect and that the Authority and/or the Trustee is named as a loss payee on each insurance policy which the Lease Agreement requires to be so endorsed. The Trustee will have no responsibility whatsoever for determining the adequacy of any insurance required under the Lease Agreement.

Recordation and Title Insurance. On or before the Closing Date the County will, at its expense, (a) cause the Site Lease, the Assignment Agreement and the Lease Agreement, or a memorandum thereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the Riverside County Assessor-County Clerk-Recorder, and (b) obtain a CLTA or ALTA title insurance policy insuring the County's leasehold estate in the Leased Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Bonds. All Net Proceeds received under any such title insurance policy must be deposited with the Trustee in the Bond Fund to be credited towards the prepayment of the remaining Lease Payments under the Lease Agreement.

Assignment; Subleases

The Authority has assigned certain of its rights under the Lease Agreement to the Trustee under the Assignment Agreement. The County may not assign any of its rights in the Lease Agreement. The County may sublease all or a portion of the Leased Property, but only under the conditions contained in the Lease Agreement, including the condition that such sublease not cause the interest component of the Lease Payments to become subject to federal or State of California personal income taxes.

Amendment of Lease Agreement

The Authority and the County may at any time amend or modify any of the provisions of the Lease Agreement, but only: (a) with the prior written consents of the Owners of a majority in aggregate principal amount of the outstanding Bonds; or (b) without the consent of any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

- to add to the covenants and agreements of the County contained in the Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the County;

- to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein, to conform to the original intention of the County and the Authority;

- to modify, amend or supplement the Lease Agreement in such manner as to assure that the interest on the Series A Bonds remains excluded from gross income under the Tax Code;

- to amend the description of the Leased Property to reflect accurately the property originally intended to be included therein;

- to obligate the County to pay additional amounts of rental for the use and occupancy of the Leased Property, but only if (A) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which are applied to finance or refinance the acquisition or construction of any real or personal property for which the County is authorized to expend funds subject to its control, (B) the County has obtained and filed with the Trustee evidence (which may be in the form of a certificate of an employee of the County) that the value of the Leased Property is at least equal to the aggregate principal amount of the outstanding Bonds and all such other bonds, notes, leases or other obligations, and (C) the County has filed with the Trustee written evidence that the amendments made under this clause will not of themselves cause a reduction or withdrawal of any rating then assigned to the Bonds;

- in any other respect whatsoever as the Authority and the County may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds.

Events of Default

Each of the following constitutes an Event of Default under and as defined in the Lease Agreement:

- Failure by the County to pay any Lease Payment or other payment required to be paid under the Lease Agreement at the time specified therein.

- Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease Agreement, other than as referred to in the preceding paragraph, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Authority or the Trustee; *provided*, *however*, that if in the reasonable opinion of the County the failure stated in the notice can be corrected, but not within such 30-day period, such failure will not constitute an Event of Default if the County commences to cure such failure within such 30-day period and thereafter diligently and in good faith cures such failure in a reasonable period of time.

- Certain events relating to the insolvency or bankruptcy of the County.

Remedies on Default

Upon the occurrence and continuance of any Event of Default, the Authority has the right to terminate the Lease Agreement or, with or without such termination, re-enter, take possession of and re-let the Leased Property. When the Authority does not elect to terminate the Lease Agreement, the County remains liable to pay all Lease Payments as they come due and liable for damages resulting from such Event of Default. Any amounts collected by the Authority from the reletting of the Leased Property will be credited towards the unpaid Lease Payments. Any net proceeds of re-leasing or other disposition of the Leased Property are required to be applied as set forth in the Indenture. Under the Assignment Agreement, the Authority assigns all of its rights with respect to remedies in an Event of Default to the Trustee, so that all such remedies will be exercised by the Trustee and the Bond Owners as provided in the Indenture.

The Trustee has no right to accelerate Lease Payments and, due to the governmental nature of the Leased Property, it is uncertain whether a court would permit the exercise of the remedies of re-entry, repossession or re-letting.

INDENTURE OF TRUST

Transfer and Exchange of Bonds

<u>Transfer</u>. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee will require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Whenever any Bond or Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

<u>Exchange</u>. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee will require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

<u>Limitations</u>. The Trustee may refuse to transfer or exchange, under the provisions of the Indenture, any Bonds selected by the Trustee for redemption, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

Establishment of Funds and Accounts; Flow of Funds

<u>Costs of Issuance Fund</u>. A portion of the proceeds of the Bonds will be deposited by the Trustee in the Costs of Issuance Fund on the Closing Date. The moneys in the Costs of Issuance Fund will be disbursed to pay costs of issuing the Bonds and other related financing costs from time to time upon receipt of written requests of the Authority.

Acquisition and Construction Fund. There will be deposited into the Acquisition and Construction Fund from the proceeds of the Bonds the amounts required to be deposited therein pursuant to the Indenture, together with any other amounts from time to time deposited with the Trustee for such purpose as may be identified in writing to the Trustee.

Site Lease Payment. Proceeds representing the Site Lease Payment will be applied to refinance the 2008 Project and finance the 2016 Project.

Bond Fund; Deposit and Transfer of Amounts Therein. All Revenues will be deposited by the Trustee in the Bond Fund promptly upon receipt. On or before each Interest Payment Date, the Trustee will transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts in the following order of priority:

(a) *Interest Account.* The Trustee will deposit into the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest coming due and payable on such date on all outstanding Bonds. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it comes due and payable, including accrued interest on any Bonds redeemed prior to maturity.

(b) *Principal Account.* The Trustee will deposit into the Principal Account an amount required to cause the aggregate amount on deposit therein to equal the principal amount of the Bonds maturing on such date. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds at the maturity thereof.

Redemption Fund. The Trustee will establish and maintain a Redemption Fund, amounts in which will be used and withdrawn by the Trustee solely for the purpose of paying the principal of on the Bonds to be redeemed. At any time prior to giving notice of redemption of any such Bonds, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Authority directs, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

Insurance and Condemnation Fund; Application of Net Proceeds. Any Net Proceeds of insurance or condemnation awards with respect to the Leased Property will be deposited in the Insurance and Condemnation Fund. In the event of an insurance or eminent domain award, the Net Proceeds on deposit in the Insurance and Condemnation Fund will be used, as directed by the County, either:

- to replace, repair, restore, modify or improve the Leased Property if the County determines that such is economically feasible or in the best interests of the County, or
- to the extent not so used, to prepay the Lease Payments and thereby redeem outstanding Bonds.

Notwithstanding the foregoing, however, in the event of damage or destruction of the Leased Property in full, the Net Proceeds of such insurance are required to be used by the County to rebuild or replace the Leased Property if such proceeds are not sufficient to redeem outstanding Bonds equal in aggregate principal amount to the unpaid Lease Payments.

Investment of Funds; Determination of Value of Investments

All moneys in any of the funds or accounts held by the Trustee under the Indenture will be invested by the Trustee solely in Permitted Investments as directed by the Authority or the County in advance of the making of such investments. In the absence of any such direction of the Board, the Trustee will invest any such moneys in Permitted Investments consisting of money market funds. Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture will be deposited in the Bond Fund. For the purpose of determining the amount in any fund or account established under the Indenture, the value of investments credited to such fund will be calculated at the market value thereof, in accordance with the procedures specified in the Indenture.

Covenants of the Authority

Payment of Bonds. The Authority will punctually pay or cause to be paid the principal of and interest and premium (if any) on the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, but only out of the Revenues and other assets pledged for such payment as provided in the Indenture. The Authority will not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are outstanding, except the pledge and assignment created by the Indenture.

Accounting Records and Financial Statements. The Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries will be made of all transactions relating to the proceeds of the Bonds, the Revenues, the Lease Agreement and all funds and accounts established pursuant to the Indenture. Such books of record and account will be available for inspection by the Authority and the County, during regular business hours and upon reasonable prior notice.

No Additional Obligations. Except as otherwise provided in the Lease Agreement, the Authority covenants that no additional bonds, notes or other indebtedness will be issued or incurred which are payable out of the Revenues in whole or in part.

Tax Covenants. The Authority will not take, nor permit nor suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of any of the Series A Bonds which would cause any of the Series A Bonds to be "arbitrage bonds" or "private activity bonds" within the meaning of the Tax Code. The Authority will cause to be calculated annually all excess investment earnings which are required to be rebated to the United States of America under the Tax Code, and will cause all required amounts to be rebated from payments made by the County for such purpose under the Lease Agreement.

Lease Agreement. The Trustee will promptly collect all amounts due from the County pursuant to the Lease Agreement. Subject to the provisions of the Indenture governing the enforcement of remedies upon the occurrence of an Event of Default, the Trustee is required to enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority and for the enforcement of all of the obligations of the County under the Lease Agreement.

Amendment of Indenture

The Indenture may be modified or amended at any time by a supplemental indenture with the prior written consents of the Owners of a majority in aggregate principal amount of the Bonds then outstanding. No such modification or amendment may (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

The Indenture may also be modified or amended at any time by a supplemental indenture, without the consent of any Bond Owners, to the extent permitted by law, but only for any one or more of the following purposes:

- To add to the covenants and agreements of the Authority contained in the Indenture, 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 therein reserved to or conferred upon the Authority.

- To cure any ambiguity, inconsistency or omission in the Indenture, or correct any defective provision in the Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, so long as such modification or amendment does not materially adversely affect the interests of the Bond Owners in the opinion of Bond Counsel filed with the Trustee.

- 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 or any similar federal statute at any time in effect.

- To modify, amend or supplement the Indenture so as to cause interest on the Bonds to remain excludable from gross income under the Tax Code.

- to facilitate the issuance of additional obligations of the County under the Lease Agreement. See “LEASE AGREEMENT – Amendment of Lease Agreement” above.

Events of Default

Events of Default Defined. The following events constitute events of default under the Indenture:

- Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, or otherwise.

- Failure to pay any installment of interest on the Bonds when due.

- Failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Authority by the Trustee; provided, however, if in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 30-day period, such failure will not constitute an Event of Default if the Authority institutes corrective action within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

- The commencement by the Authority of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

- The occurrence and continuation of any Event of Default under and as defined in the Lease Agreement. See “LEASE AGREEMENT - Events of Default” above.

Remedies. In each and every case during the continuance of an Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding (subject to the provisions of the Indenture) will be entitled, upon notice in writing to the County and the Authority to exercise any of the remedies granted to the County under the Lease Agreement and to the Authority under the Lease Agreement, and in addition, to take whatever action at law or in equity may appear necessary or desirable to enforce the Trustee's 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 described below under the heading "Other Remedies of Trustee."

Notwithstanding anything to the contrary in the Indenture, the Authority will have no obligation to and instead the Trustee may, without further direction from the Authority, take any and all steps, actions and proceedings, to enforce any or all rights of the Authority (other than those specifically retained by the Authority pursuant to the Indenture and the Assignment Agreement) under the Indenture or the Lease Agreement, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the County under the Facility Lease.

Other Remedies of Trustee. 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 County, the Authority or any director, officer or employee thereof, and to compel the County or the Authority or any such 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 County and the Authority to account as the trustee of an express trust.

If any Event of Default will occur there will be no right on the part of the Trustee, or the Owners to declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately.

Application of Revenues and Other Funds After Default. If an Event of Default has occurred and is continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture will be applied by the Trustee as follows and in the following order:

(1) To the payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;

(2) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of the Indenture, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which have become due, whether at maturity or redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the available amount is not sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Limitation on Bond Owners' Right to Sue. No Owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Indenture, unless:

- such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;

- the Owners of a majority in aggregate principal amount of all the Bonds then outstanding have requested the Trustee in writing to exercise its powers under the Indenture;

- said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;

- the Trustee has refused or failed to comply with such request for a period of 60 days after such written request has been received by the Trustee and said tender of indemnity is made to the Trustee; and

- no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority in aggregate principal amount of the Bonds then outstanding.

Discharge of Indenture

The Authority may pay and discharge the indebtedness on any or all of the outstanding Bonds in any one or more of the following ways:

- by paying or causing to be paid the principal of and interest on the Bonds, as and when the same become due and payable;

- by irrevocably depositing with the Trustee, in trust, at or before maturity, cash and/or non-callable Federal Securities which, together with the investment earnings to be received thereon, have been verified by an independent accountant to be sufficient to pay or redeem such Bonds when and as the same become due and payable; or

- by delivering to the Trustee, for cancellation by it, all of such Bonds.

Upon such payment, and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Revenues and other funds provided for in the Indenture with respect to such Bonds, and all other obligations of the Authority under the Indenture with respect to such Bonds, will cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose. Any funds thereafter held by the Trustee, which are not required for said purposes, will be paid over to the Authority.

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2015

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COUNTY OF RIVERSIDE, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

RIVERSIDE COUNTY FAIR AND NATIONAL DATE FESTIVAL

PAUL ANGULO, CPA, MA

COUNTY AUDITOR-CONTROLLER

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COUNTY OF RIVERSIDE, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

MAY 9, 1893

PREPARED BY THE OFFICE OF:

PAUL ANGULO, CPA, MA
COUNTY AUDITOR-CONTROLLER

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COUNTY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2015

TABLE OF CONTENTS

INTRODUCTORY SECTION: Page

FINANCIAL SECTION:

COUNTY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2015

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED): Page

COUNTY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2015

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED): Page

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED): Page

INTRODUCTORY SECTION

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MAY 9, 1893

COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER
County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802

ACO AUDITOR CONTROLLER
COUNTY OF RIVERSIDE
Paul Angulo, CPA, MA
Auditor-Controller

December 22, 2015

The Honorable Board of Supervisors
Citizens of the County of Riverside
4080 Lemon Street, 5th Floor
Riverside, California 92501

Members of the Board and Citizens of Riverside County:

The Comprehensive Annual Financial Report (CAFR) of the County of Riverside (the County) for the fiscal year ended June 30, 2015, is hereby submitted in accordance with the provision of Section 25253 of the Government Code of the State of California (the State). The report contains financial statements that have been prepared in conformity with the United States generally accepted accounting principles (GAAP) prescribed for governmental entities. Responsibility for the accuracy of the data, the completeness, and fairness of the presentation, including all disclosures, rests with the management of the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the various funds and component units of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The management's discussion and analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative, overview, and analysis of the basic financial statements. The MD&A was designed to complement this letter of transmittal and should be read in conjunction with it.

The financial reporting entity for the County includes all the funds of the primary government--the County of Riverside as legally defined--as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

The County has eleven independent fiscal entities that are considered blended component units and two discretely presented component units. These entities vary widely in function and provide essential services.

For a more detailed overview of the County's component units see the MD&A and the notes to the basic financial statements.

PROFILE OF THE GOVERNMENT

The County is the fourth largest county by area in the State. It encompasses 7,295 square miles and extends nearly 184 miles across Southern California, from the Arizona border west to within 10 miles of the Pacific Ocean. It is situated east of Los Angeles and Orange Counties, south of San Bernardino County, and north of San Diego and Imperial Counties.

There are 28 incorporated cities located within the County. The latest city to be incorporated was Jurupa Valley on July 1, 2011. The largest cities in the County are Riverside (the County seat) with a population of 317,307, Moreno Valley 200,670, Corona 160,287, Temecula 108,920, and Murrieta 107,279. Estimated population figures are developed by the California State Department of Finance, and each year it is revised on January 1, with a revised estimate for the prior year. The total County population as of January 1, 2015, reported as 2,308,441, an increase of 1.2 percent as compared to the revised estimate for January 1, 2014. Approximately 16 percent of the residents live in unincorporated areas.

All legislative and policy making powers are vested in the County Board of Supervisors (the Board), which consists of an elected supervisor from each of the five districts. The Board Supervisors serve four-year terms, and annually elect a Chairman and Vice-Chairman. The Board is responsible for, among other duties, passing ordinances; adopting budgets; and appointing committees, the County Executive Officer (CEO), and non-elected department directors. The County has five elected department heads responsible for the offices of the Treasurer-Tax-Collector, Auditor-Controller, District Attorney, Sheriff, and Assessor-County Clerk-Recorder.

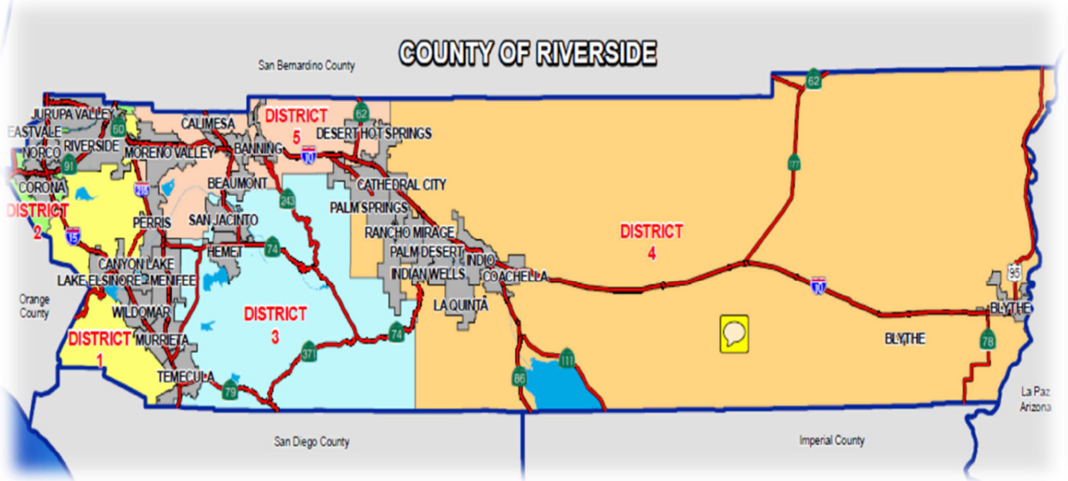
The First District includes areas within the cities of Riverside, Canyon Lake, Lake Elsinore, Wildomar and the unincorporated communities of Lakeland Village, Lake Mathews, Mead Valley, Santa Rosa Rancho, as well as portions of Gavilan Hills and Woodcrest.

The Second District includes the cities of Corona, Norco, approximately one-third of the City of Riverside, Eastvale, and Jurupa Valley. The unincorporated communities consist of Home Gardens, El Cerrito, Coronita, and Highgrove.

District Three includes the cities of Hemet, Murrieta, San Jacinto, and Temecula. Major unincorporated areas in the District include Aguanga, Anza, Idyllwild, Valle Vista, Winchester, Wine Country, and Pinyon Pines.

District Four is the largest district, covering the eastern two-thirds of the County. Within this District are the cities of Palm Springs (except the northern portion, which resides in District 5), Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio, Coachella, Desert Hot Springs, and Blythe. Major unincorporated areas include Bermuda Dunes, Thousand Palms, Sky Valley, Indio Hills, Desert Edge, Mecca, Thermal, Oasis, Vista Santa Rosa, North Shore, Chiriaco Summit, Desert Center, Lake Tamarisk, Mesa Verde, Colorado River Communities, and Ripley.

The Fifth District includes the cities of Banning, Beaumont, Calimesa, Menifee, Moreno Valley, Perris, and the northern portion of Palm Springs. The unincorporated areas include Nuevo, Lakeview, Juniper Flats, Meadowbrook, Good Hope, a portion of Mead Valley, Romoland, Homeland, Green Acres, Box Springs, Pigeon Pass, Reche Canyon, San Timoteo Canyon, Oak Valley, Cherry Valley, Banning Bench, Cabazon, Palm Springs Village, and Palm Springs West.



Source: Riverside County GIS

The County has over 19,000 employees, and provides a variety of services and programs to its residences as the table below depicts.

The County provides a full range of services. These services are outlined in the table below:

Certificate, Licenses and Permits	**Human Services**
Birth, marriage, and death certificates, animal licensing, and building permits.	Assistance for families, custody issues, and veterans' services.
Children's Services	**Libraries and Museums**
Child Support Services, Mentor programs, Children Medical Services, CalWORKS, Child Health and Disability Prevention.	Edward Dean Museum, and Riverside County Law Library.
Criminal Justice	**Parks and Recreation**
Departments dealing with criminal justice. District Attorney, Probation, Public Defender, and Sheriff. Legal resources, and Online Crime Report Form.	Park & Open Space District, Golf Courses in Riverside County, and Riverside Bicycle Cub.
Education	**Pets and Animal Services**
Office of Education.	Animal Control, Animal Shelters, Animal License Inspection, Animal Rescue, Report Animal-Control Violations, and Dog License Fee.
Emergency Services	**Property Information**
Office of Emergency Services, Early Warning Notification System, Shelter Grant program, and Homeless programs.	Assessment appeals, building permit report, obtain property information via GIS, pay property taxes online, track your property taxes online, record map inquiry, information for new homeowners, and Riverside County land information.
Environment	**Public and Official Records**
Solid waste, liquid waste, medical waste, sewage disposal, water systems, wells, backflow devices, food services, public pools and mobile home parks, vector control, hazardous materials services, fire protection services, waste reduction, and recycling.	Official recorded documents, fictitious business names search, grantor/grantee search, vital records, and court records search.
Flood Control	**Roads and Highways**
Flood Control and water conservation.	Road maintenance, land development, engineering services, and survey.
Health	**Taxes**
Family health centers, disease control, nutrition services, family planning, health education, injury prevention, emergency medical services, mental health services, industrial hygiene, laboratory, Epidemiology, and medical marijuana identification cards.	Property tax portal, tax bills, Assessor-County Clerk Recorder, Treasurer-Tax Collector, and Auditor-Controller.

Housing	**Voting**
First time home buyer programs, low income housing, rental assistance program, homeless shelter, and neighborhood stabilization program.	Polling locations, vote by mail.
Senior and Retirement	
Aging & disability resource connection program, community outreach, community elderly abuse education, legal assistance, and senior employment.	

FACTORS AFFECTING ECONOMIC CONDITION

State Economy

The Governor's Budget Revision was issued in May 2015. Since the January Budget, the State's economy has strengthened and revenues have surged upward, driven by increased capital gains and other income from high-wage earners. Overall, the May Revision reflects a $6.7 billion increase in General Fund revenues compared to the January Budget. Proposition 98 increases General Fund spending by $5.5 billion for K-12 schools and community colleges. Proposition 2 requires that an additional $633 million be saved in the Rainy Day Fund, and an additional $633 million be used to pay down debts and liabilities.

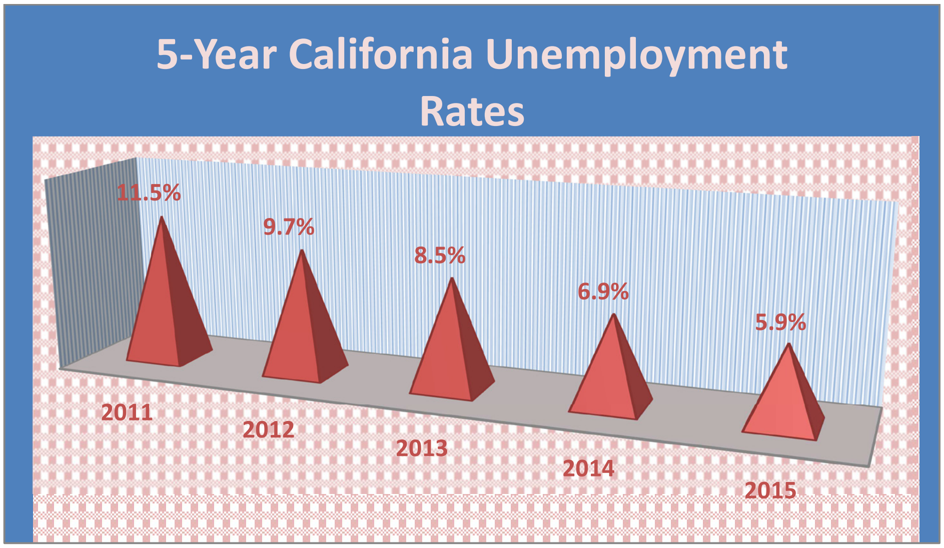
The May Revision commits spending in creating the first-ever California Earned Income Tax Credit to assist the State's lowest-income workers. The credit will provide $380 million in benefits to 2 million Californians. Also holding tuition flat at the State's universities for California undergraduate students for two more years by providing increased ongoing funding to California State University and temporary assistance to the University of California to pay down its unfunded pension liability.

Additionally, providing health care and other safety net services to currently undocumented immigrants who gain Permanent Residence Under Color of Law status under the President's executive actions. The May Revision continues to focus on the key elements of the January Budget, such as carrying out the Local Control Funding Formula, federal health care reform, public safety realignment, the water Action Plan, and the Cap and Trade Expenditure Plan.

The latest forecast from the University of California, Center for Economic Forecast and Development, states that while trouble has plagued the international economy in recent months, domestic activity continues to move ahead robustly, and that is particularly true in California. Over the past year, the Golden State has been one of the brightest spots in the United Sates economy.

June 2015 marked the 40th consecutive month that California has outpaced the nation overall in terms of nonfarm job growth. Real estate GDP increased by 2.8% last year compared with 2.4% growth in the nation overall. Over the past 12 months California has been the 5th fastest growing state in the nation and the single largest source of new United States jobs, with more than 461,000 positions created as of June 2015.

The State's seasonally adjusted unemployment rate was 5.9 percent compared to the United States unemployment rate of 5.1 as of September 2015.



Local Economy

Inland Southern California had a great year in 2014 and 2015 has continued this trend. The majority of economic indicators are moving upward; the labor markets are among the fastest growing in the State, and home sales are on the rise. The current forecast for the region is positive. The affordability of the region, on both residential and commercial sides of the real estate market, has been a major driver of growth in the last few years.

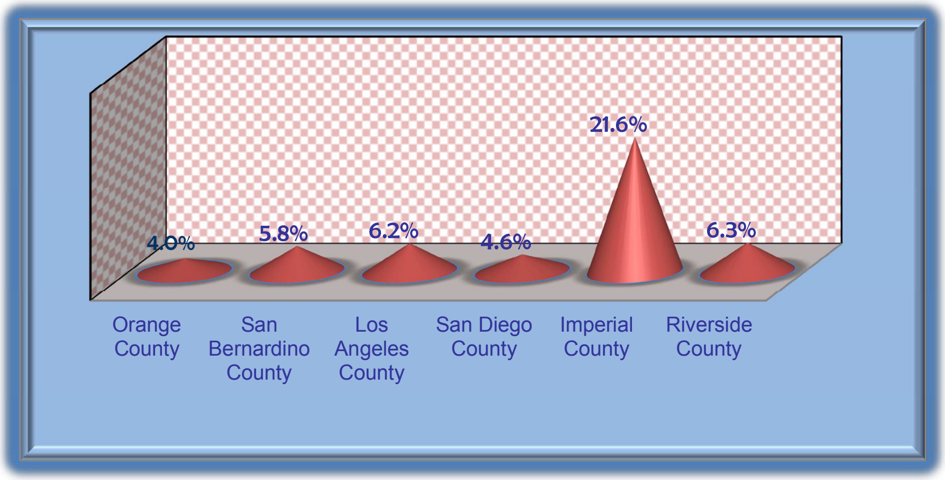
The Inland Southern California labor market has also made great strides this last year. This strength is expected to continue over the next five years. As of October 2015, the County's unemployment rate declined slightly from 6.9 percent to 6.3 percent.

The Governor's May Revision indicates the County is likely to receive as much as $64.5 million in one-time revenue from back-due SB90 reimbursement totaling $40.8 million and a $23.7 million fire services credit in fiscal year 2015-16 to compensate the County for amounts owed by four newly incorporated cities, of which the general fund portion will be $20.3 million. The May Revision reduces the payment the County would owe the Department of Forestry and Fire Protecton (CalFire) for fire services to enable the County to absolve these cities of one-time debt they owe the County. The State will backfill CalFire for its reduced reimbursements.

The fiscal year 2015-16 budget establishes $5.27 billion in appropriations for the County, an increase of 11 percent from fiscal year 2014-15 budgeted spending levels. Overall estimated revenue is projected to increase to $4.95 billion. The difference of $325.8 million is backed with fund balance and reserves.

The fiscal year 2015-16 budget recommends $3.04 billion in general fund appropriations, comprising 58 percent of the overall budget. General fund discretionary revenue continues to show modest growth, however major budgetary challenges are posed by ongoing costs that continue to outpace ongoing revenues. Of these, negotiated salary and pension increases are most significant.

Unemployment Comparison of Neighboring Counties



Source: Employment Development Department, Labor Market Division, October 2015

Relevant Financial Policies

To achieve the goal of providing outstanding and cost-effective public services, the County of Riverside applies sound management practices and policies that enhance the quality of life of its citizens. Such financial management practices have been identified by the Government Finance Officers Association and recognized as best practices that promotes financial soundness, efficiency in government and solvency in public finance. The following committees have been established to aid in the implementation of oversight and transparency of such relevant financial policies:

Debt Advisory Committee provides advice to the Board on debt issuance and management.

Pension Advisory Committee provides an institutional framework to help guide policy decisions about retirement benefits.

Deferred Compensation Advisory Committee provides assurance of the financial stability of the deferred compensation plan through prudent monitoring of investments and costs.

Investment Oversight Committee reviews the County's investment policies.

Financial Reporting Awards

The Government Finance Officers Association (GFOA) of the United States and Canada has awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the County for its CAFR for the fiscal year ended June 30, 2014. This was the twenty-seventh consecutive year the County has achieved this prestigious award. In order to be awarded a *Certificate of Achievement*, a government entity must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

The County has also been awarded for *Outstanding Achievement* in the preparation of the Popular Annual Financial Report (PAFR), which is also referred to as Financial Highlights for the fiscal year ended June 30, 2014. This was the ninth consecutive year the County has achieved this award. In order to receive an award for *Outstanding Achievement in Popular Annual Financial Reporting*, a government entity must publish a PAFR, with contents conforming to program standards of creativity, presentation, understandability and reader appeal. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR and PAFR continue to meet the Certificate of Achievement Program's requirements and we are submitting both reports to the GFOA to determine the eligibility for new certificates.

Acknowledgments

The preparation of this CAFR could not have been accomplished without the dedicated service of the entire staff of the Auditor-Controller's Office, especially the staff members of the General Accounting Division who consistently produce award winning financial reports. Special recognition goes to the staff members of the contributing component units and the County departments for their participation in the preparation of this report.

Additionally, I would like to extend my gratitude to the Board of Supervisors and County Executive Office for their leadership in making the County a great place to live, work, and to conduct business. Finally, I would like to thank our independent auditors, Brown Armstrong Accountancy Corporation, for their efforts throughout this audit engagement.

Respectfully,

Paul Angulo

PAUL ANGULO, CPA, MA
RIVERSIDE COUNTY AUDITOR-CONTROLLER

COUNTY OF RIVERSIDE

List of Principal Officials
As of June 30, 2015

ELECTED OFFICIALS

Board of Supervisors

KEVIN JEFFRIES
First District

JOHN F. TAVAGLIONE
Second District

CHUCK WASHINGTON
Third District

JOHN BENOIT
Fourth District

MARION ASHLEY
Chairman
Fifth District

COUNTYWIDE ELECTED OFFICIALS

MICHAEL HESTRIN
District Attorney

STANLEY SNIFF
Sheriff
Coroner
Public Administrator

PAUL ANGULO
Auditor
Controller

PETER ALDANA
Assessor
Clerk
Recorder

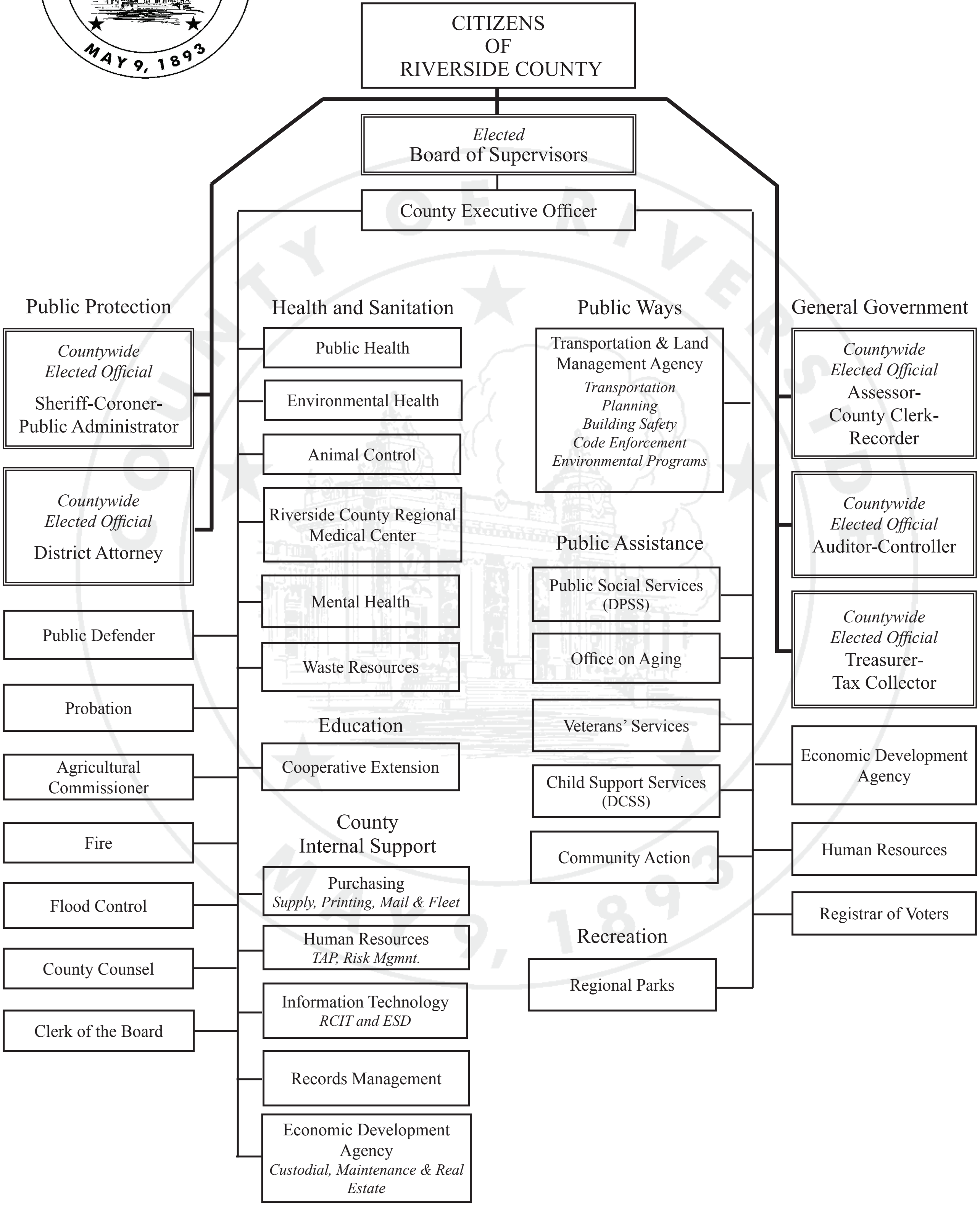
DON KENT
Treasurer
Tax Collector

APPOINTED OFFICIALS

JAY ORR
County Executive Officer

GREGORY P. PRIAMOS
County Counsel

COUNTY OF RIVERSIDE ORGANIZATION CHART



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Riverside

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Jeffrey R. Esser

Executive Director/CEO

FINANCIAL SECTION

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BROWN
ARMSTRONG
CERTIFIED
PUBLIC
ACCOUNTANTS

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FAX 661.324.4997
EMAIL info@bacpas.com

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FAX 626.204.6547

STOCKTON OFFICE
5250 CLAREMONT AVENUE
SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833

BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
County of Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Riverside, California, (the County) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Riverside County Flood Control and Water Conservation District (the Flood Control), Housing Authority of the County of Riverside (the Housing Authority), Riverside County Regional Park and Open-Space District (the Park District), Perris Valley Cemetery District (the Cemetery District), Riverside County Redevelopment Successor Agency (the Successor Agency), and Riverside County Children and Families Commission (the Commission), which represent the following percentages, respectively, of the assets and revenues of the following opinion units:

Opinion Unit	Assets	Revenues
Governmental Activities	19%	3%
Business-Type Activities	23%	13%
Aggregate Remaining Fund Information	3%	0%
Discretely Presented Component Units	50%	72%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Flood Control, the Housing Authority, the Park District, the Cemetery District, the Successor Agency, and the Commission, are based on the reports of the other auditors.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements 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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund, the Transportation Special Revenue Fund, and the Flood Control Special Revenue Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As disclosed in the Note 1 to the financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*, during the fiscal year ended June 30, 2015. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-23; the County's Retirement Plans schedules relating to net pension liabilities, changes in net pension liabilities, and pension contributions on pages 125-130; and the schedule of funding progress for the County's Other Post-Employment Benefit (OPEB) plans on pages 130-131 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and respective budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and respective budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual nonmajor fund financial statements and respective budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015, on our consideration of the County'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 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 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 the County's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 22, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

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MANAGEMENT'S

DISCUSSION AND ANALYSIS

It is presented as required supplementary information for the benefit of the readers of the Comprehensive Annual Financial Report.

Management's Discussion & Analysis *(Unaudited)*

This section of the County of Riverside's (the County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the Letter of Transmittal beginning on page v and the County's basic financial statements which begin on page 25.

FINANCIAL HIGHLIGHTS

- As of July 1, 2014, the County implemented two new Governmental Accounting Standard Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions,* an amendment of GASB Statement No. 27, and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date,* an amendment of GASB Statement No. 68. The implementation of the statements required employers to record net pension liability, deferred inflows of resources, deferred outflows of resources, and pension expense on the financial statements. To comply with this statement, a prior period adjustment of $2.2 billion was made to decrease the County's beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.

- At the close of fiscal year 2014-15, the County's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by $2.6 billion (*net position*). The net position included $3.1 billion of net investment in capital assets, $545.9 million of restricted resources for the County's ongoing obligations related to programs with external restrictions, and $1.1 billion deficit of unrestricted resources which primarily resulted from the prior period adjustment for changes in accounting principle as required by GASB Statement No. 68.

- As of June 30, 2015, the County's governmental funds reported combined fund balances of $1.4 billion, an increase of $294.4 million in comparison with the prior year. Approximately 16.6% of this amount ($225.9 million) is available for spending at the County's discretion *(unassigned fund balance).*

- The significant change in capital assets net of accumulated depreciation resulted from additions of infrastructure consisting of roads, traffic signals, bridges, and storm water drains.

- $325.0 million lease revenue bond was issued during fiscal year 2014-15 for financing the costs associated with the East County Detention Center construction project.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis (MD&A) is intended to serve as an introduction to the County's basic financial statements which are comprised of the following three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Basic Financial Statements.

In addition to the basic financial statements, *Required Supplementary Information* is included to provide additional detail to support the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the County's assets, liabilities, deferred inflow/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 County is improving or declining. The statement of net position in summary can be found on page 7, and in more detail on page 25.

The *statement of activities,* presented on page 9 in summary and on pages 26-27 in detail, provides information showing how the County'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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. For example, property tax revenues are recorded when accrued but not yet collected, and when expenditures for compensated absences are accrued, but not yet paid.

Both of these government-wide financial statements distinguish functions of the County 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 County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. Governmental activities include six major funds, nineteen nonmajor funds, and a representative allocation of the County's internal service funds. The six major governmental funds are the general fund, flood control special revenue fund, transportation special revenue fund, teeter debt service fund, public facilities improvements capital projects fund, and public financing authority capital projects fund. The business-type activities of the County include three major enterprise funds, and two nonmajor funds. The major enterprise funds are the Regional Medical Center (RMC), Waste Resources, and the Housing Authority.

The government-wide financial statements also provide information regarding the County's component units, entities for which the County (the primary government) is considered to be financially accountable. Although blended component units are legally separate entities, they are, in substance, part of the County's operations. Accordingly, the financial information from these units is combined with financial information of the primary government.

The financial information for the Palm Desert Financing Authority (PDFA) and the Children and Families Commission (the Commission), both legally separate component units whose governing bodies are appointed by and serve at the will of the County, are presented separately from the financial information of the primary government.

The blended component units are:

- County of Riverside Asset Leasing Corporation (CORAL)
- County of Riverside District Court Financing Corporation
- County of Riverside Bankruptcy Court Corporation
- Housing Authority of the County of Riverside
- In-Home Supportive Services Public Authority
- Riverside County Flood Control and Water Conservation District (Flood Control)
- Riverside County Regional Park and Open-Space District
- Riverside County Public Financing Authority
- Riverside County Service Areas
- Inland Empire Tobacco Securitization Authority
- Perris Valley Cemetery District

Fund Financial Statements, illustrated on pages 30-47, provide information regarding the three major categories of County funds – governmental, proprietary, and fiduciary. The focus of governmental and proprietary fund financial statements is on major funds. Major funds are determined based on minimum criteria set forth in (GASB) Statement No. 34, as amended. Like other state and local governments, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting is also used to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements often have a budgetary orientation, are prepared on the modified accrual basis of accounting, and focus primarily on the sources, uses, and balances of current financial resources. 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 unlike government-wide financial statements. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. The governmental funds' balance sheet and statement of revenues, expenditures, and changes in fund balances provided are accompanied by reconciliation to government-wide financial statements in order to facilitate this comparison between *governmental funds* and *governmental activities.*

The County maintains several individual governmental funds organized according to their type (general, special revenue, debt service, capital projects, and permanent funds). The governmental fund statements present the financial information of each major fund (the general fund, transportation special revenue fund, flood control special revenue fund, teeter debt service fund, public facilities improvements capital projects fund, and public financing authority capital projects fund) in separate columns.

Financial information for the remaining governmental funds (nonmajor funds) is combined into a single, aggregated presentation. Financial information for each of these nonmajor governmental funds is presented in the supplementary information section.

Budgetary comparison statements are also included in the fund financial statements. The statements present the County's annual estimated revenue and appropriation budgets for all governmental fund budgets except for CORAL, District Court Financing Corporation, Bankruptcy Court, Inland Empire Tobacco Securitization Authority, Public Financing Authority, and Perris Valley Cemetery Endowment Fund. The budgetary comparison statements have been provided to demonstrate compliance with their respective budgets.

Proprietary Funds are used to account for services for which the County charges customers, either outside customers or internal departments of the County. Proprietary funds statements, found on pages 42-45 provide the same type of information as shown in the government-wide financial statements with more detail. The County maintains the following two types of proprietary funds:

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the RMC, Waste Resources, Housing Authority, County Service Areas, and Flood Control. RMC, Waste Resources, and Housing Authority financial statements are reported in separate columns of the proprietary fund statements due to the materiality criteria defined by GASB Statement No. 34. Financial information for the remaining enterprise funds (nonmajor funds) is combined into a single, aggregated presentation. Individual fund statements for County Service Areas and Flood Control are presented in the supplementary information section.

- *Internal service funds* are used to report activities that provide supplies and services for certain County programs and activities. The County uses internal service funds to account for its records and archive management, fleet services, information services, printing and mail services, supply services, enterprise solution division (accounting and human resources information technology system), risk management, temporary assistance pool, economic development agency (facilities management), and flood control equipment. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund financial information for each internal service fund is provided in the supplementary information section.

Fiduciary Funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the County's programs nor be reflected in the government-wide financial statements. Fiduciary funds maintained by the County include a pension trust fund, investment trust funds, private-purpose trust funds, and agency funds. The fiduciary fund financial statements on pages 46-47, are presented on the economic resources measurement focus and the accrual basis of accounting.

Notes to the Basic Financial Statements provide additional information other than that displayed on the face of the financial statements and are essential for fair presentation of the financial information in the government-wide and fund financial statements. The notes can be found on pages 49-123 of this report.

Required Supplementary Information, in addition to this MD&A, presents schedules of retirement plan funding progress and employer contribution. Required supplementary information can be found on pages 125-131 of this report.

Combining and individual fund statements and budgetary schedules provide information for nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds, and are presented immediately following the required supplementary information. Combining and individual fund statements and budgetary schedules can be found on pages 133-182 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position. The table below focuses on the net position and changes in net position in the County's governmental and business-type activities. It presents an analysis of the County's net position as of June 30, 2015, in comparison to the prior fiscal year 2013-14. At the end of current fiscal year, the County reported positive net position in two of the three categories: net investment in capital assets and restricted net position. Unrestricted net position showed a deficit due to the implementation of GASB Statement No. 68. Total assets and deferred outflow of resources, as indicated below, exceeded liabilities and deferred inflow of resources by $2.6 billion representing a decrease of $2.0 billion ($187.7 million changes in net position and restatement of $2.2 billion, see Note 3), or 44.4%. A more detailed statement can be found on page 25 in the government-wide financial statements.

Statement of Net Position
June 30, 2015
(In thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2015	2014	2015	2014	2015	2014	%
Assets:							
Current and other assets	$ 2,366,793	$ 2,535,316	$ 458,916	$ 469,859	$ 2,825,709	$ 3,005,175	-6.0%
Capital assets	4,355,657	4,124,395	293,375	295,478	4,649,032	4,419,873	5.2%
Total assets	6,722,450	6,659,711	752,291	765,337	7,474,741	7,425,048	0.7%
Deferred outflows of resources:	209,599	25,722	25,452	278	235,051	26,000	0.0%
Total deferred outflows of resources	209,599	25,722	25,452	278	235,051	26,000	0.0%
Liabilities:							
Current liabilities	689,679	697,048	156,747	218,048	846,426	915,096	-7.5%
Long-term liabilities	3,292,882	1,585,792	524,317	322,076	3,817,199	1,907,868	100.1%
Total liabilities	3,982,561	2,282,840	681,064	540,124	4,663,625	2,822,964	65.2%
Deferred inflows of resources:	423,050	19,706	67,291	8,684	490,341	28,390	0.0%
Total deferred inflows of resources	423,050	19,706	67,291	8,684	490,341	28,390	0.0%
Net position:							
Net investment in capital assets	3,009,048	3,165,319	95,160	147,806	3,104,208	3,313,125	-6.3%
Restricted	489,359	499,463	56,569	96,904	545,928	596,367	-8.5%
Unrestricted	(971,969)	718,105	(122,341)	(27,903)	(1,094,310)	690,202	-258.5%
Total net position	$ 2,526,438	$ 4,382,887	$ 29,388	$ 216,807	$ 2,555,826	$ 4,599,694	-44.4%

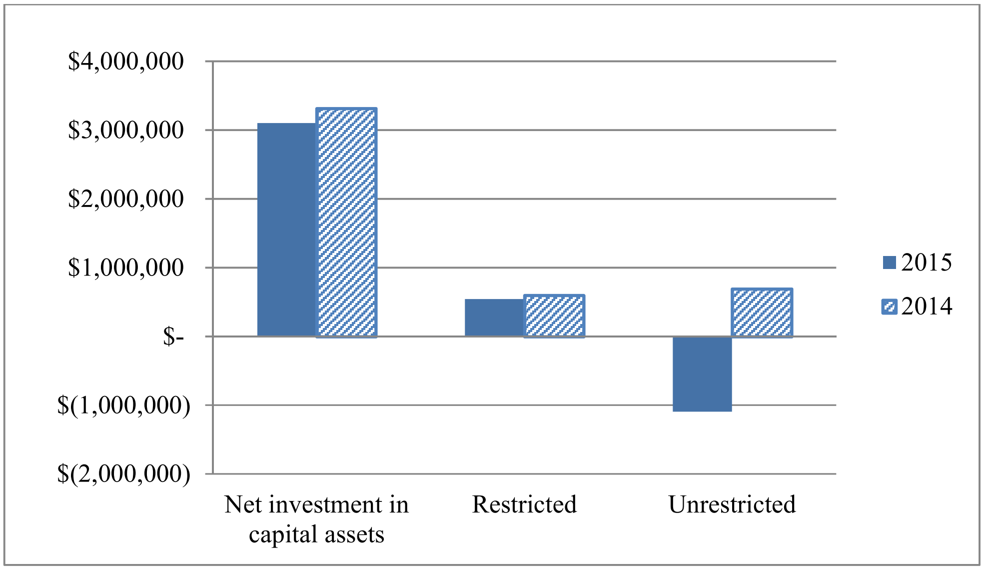
Below are the three components of net position and their respective balances as of June 30, 2015:

- Net investment in capital assets was $3.1 billion, or 121.5%, of the County's total net position compared to $3.3 billion, or 72.0%, for fiscal year 2013-14. This component consists of capital assets such as land and easements, structures and improvements, infrastructure, and equipment, net of accumulated depreciation. The amount is further reduced by any debt attributable to the acquisition, construction, or improvement of the assets. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- $545.9 million, or 21.4%, of the County's total restricted net position compared to $596.4 million, or 13.0% for fiscal year 2013-14. This component represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- $1.1 billion deficit, or 42.9%, of the County's total net position is unrestricted that may be used to meet the County's ongoing obligations to citizens and creditors. Of this amount, $972.0 million deficit is from governmental activities and $122.3 million deficit from business-type activities, compared to prior year whereas, $718.1 million was from governmental activities and a $27.9 million deficit from business-type activities.

Statement of Net Position
June 30, 2015 and 2014
(In thousands)



Management’s Discussion & Analysis *(Unaudited)*

The following table provides information from the Statement of Activities of the County as of June 30, 2015 as compared to the prior year:

Statement of Activities
For the fiscal year ended June 30, 2015
(In thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2015	2014	2015	2014	2015	2014	%
Revenues:							
Program revenues:							
Charges for services	$ 645,840	$ 615,895	$ 665,819	$ 555,966	$ 1,311,659	$ 1,171,861	11.9%
Operating grants and contributions	1,800,158	1,593,627	-	-	1,800,158	1,593,627	13.0%
Capital grants and contributions	31,579	29,890	536	450	32,115	30,340	5.9%
General revenues:							
Property taxes	327,504	297,107	-	-	327,504	297,107	10.2%
Sales and use taxes	32,851	35,443	-	-	32,851	35,443	-7.3%
Unrestricted intergovernmental revenue	244,003	227,303	-	-	244,003	227,303	7.3%
Investment earnings	8,700	11,317	895	1,319	9,595	12,636	-24.1%
Other	182,809	195,756	-	-	182,809	195,756	-6.6%
Total revenues	3,273,444	3,006,338	667,250	557,735	3,940,694	3,564,073	10.6%
Expenses:							
General government	179,575	228,146	-	-	179,575	228,146	-21.3%
Public protection	1,217,731	1,191,438	-	-	1,217,731	1,191,438	2.2%
Public ways and facilities	177,870	108,380	-	-	177,870	108,380	64.1%
Health and sanitation	499,669	460,963	-	-	499,669	460,963	8.4%
Public assistance	970,415	851,246	-	-	970,415	851,246	14.0%
Education	23,409	24,420	-	-	23,409	24,420	-4.1%
Recreation and culture	18,335	20,077	-	-	18,335	20,077	-8.7%
Interest on long-term debt	45,904	47,236	-	-	45,904	47,236	-2.8%
Regional Medical Center	-	-	468,562	482,240	468,562	482,240	-2.8%
Waste Resources	-	-	56,299	62,721	56,299	62,721	-10.2%
Housing Authority	-	-	90,903	94,716	90,903	94,716	-4.0%
Flood Control	-	-	3,056	2,561	3,056	2,561	19.3%
County Service Areas	-	-	390	429	390	429	-9.1%
Total expenses	3,132,908	2,931,906	619,210	642,667	3,752,118	3,574,573	5.0%
Excess (deficiency) before Transfers	140,536	74,432	48,040	(84,932)	188,576	(10,500)	-1896.0%
Transfer in (out)	(11,250)	(9,645)	11,250	9,645	-	-	0.0%
Change in net position, before special items	129,286	64,787	59,290	(75,287)	188,576	(10,500)	-1896.0%
Special items	-	-	(905)	(9,698)	(905)	(9,698)	0.0%
Change in net position	129,286	64,787	58,385	(84,985)	187,671	(20,198)	-1029.2%
Net position, beginning of year, as Restated	2,397,152	4,318,100	(28,997)	301,792	2,368,155	4,619,892	-48.7%
Net position, end of year	$ 2,526,438	$ 4,382,887	$ 29,388	$ 216,807	$ 2,555,826	$ 4,599,694	-44.4%

The following are specific major factors that resulted in the net position changes in governmental activities between fiscal years 2014-15 and 2013-14 as shown in the table on page 9.

Revenues for governmental activities

Revenues from *Charges for services* increased by $29.9 million, or 4.9%. Charges for services are revenues that arise from charges to external customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. The increases were mainly in fire protection and patrol services provided to cities within the County of Riverside, demand in health care services due to the continued growth of Medi-Cal members. The general election was conducted during fiscal year 2014-15 for cities, schools, and special districts governing board members which also increased charges for services for the Assessor's Office.

Revenues from *Operating grants and contributions* increased by $206.5 million, or 13.0%, due to significant changes in the following state and federal sources:

- There was an increase of $98.8 million in federal and state funds for supporting social service programs such as child protection and family support services and changes in Medi-Cal benefits for treating substance use and moderate mental illness for adults enrolled in Medi-Cal program. $78.5 million was recognized as revenue from Local Revenue Fund 2011 including the local law enforcement services fund, mental health service fund, behavior health fund for mental health substance abuse program, and protective service subaccount fund for child welfare services and foster care assistance. The County received $33.2 million in reimbursements from the State for previously implemented Senate Bill (SB) 90 Mandated Programs. There was an increase of $11.4 million from Proposition 172 Public Safety Sales Tax Funds which saw growth due to increased sales activity and sales tax from the expansion of factory outlets in Cabazon.

Revenues from Capital grants increased by $1.7 million, or 5.7%. There were one-time adjustments and corrections allocated from Highway User Tax funds in the current fiscal year due to a calculation error that occurred in diesel fuel allocation under the 2010 fuel tax swap.

Revenues from *Property taxes* increased by $30.4 million, or 10.2%. The fiscal year 2014-15 assessment roll value increased by 7.8%, yielding a total property tax roll of $229.4 billion, compared to $213.0 billion in fiscal year 2013-14. Median home sales prices increased by 21.2%. This market value increase resulted in a large number of properties in the reduced or "decline-in-value" assessment, also called Proposition 8. Other factors include price increases in multi-family apartments, large warehouse properties, and vacant land.

Revenues from *Sales and use taxes* decreased by $2.6 million, or 7.3%. Effective July 1, 2014, the general purpose sales and use tax rate for local governments decreased from 1% to 0.75%. The State Board of Equalization administrative charges were increased by approximately 10.0%.

Revenues from *Unrestricted intergovernmental revenue* increased by $16.7 million, or 7.3% in property tax in-lieu of vehicle license fee. The adjustment was made to reflect the actual amount of sales and use tax revenue loss from the Educational Revenue Augmentation Fund (ERAF) which was used to repay counties and cities.

The decrease in *Investment earnings* was due to the slow growth mode affect by the economic and market conditions.

The significant change in *Other revenue sources* was in Low and Moderate Income Housing (LMIH) Residual Assets due to the dissolution of Redevelopment Development Agency (RDA). Set aside monies that were unencumbered for low and moderate income housing from Assembly Bill (AB) 1484 was distributed to the County. This distribution fluctuates according to Successor Agency's debt requirement and available tax increment.

Expenses for governmental activities

Total expenses for governmental activities were $3.1 billion for the current fiscal year, an increase of $201.0 million or 6.9%, as compared to prior fiscal year. The following are the key components accounting for the variances:

- General government represents $179.6 million, or 5.7%, of the total governmental activities expenses and decreased by $48.5 million or 21.3% from prior year due to contributions made to support several construction projects.

- Public protection represents $1.2 billion, or 38.9%, of the total governmental activities expenses, increased by $26.3 million, or 2.2%. The majority of the increase is caused by the Evidence Based Practices (EBP) implemented by the probation field service department for the purpose of reducing recidivism among individuals under probation supervision. EBP utilizes validated assessment tools, motivational interviewing techniques, and cognitive behavioral therapy. Additional analysis can be found in general fund financial analysis on page 16.

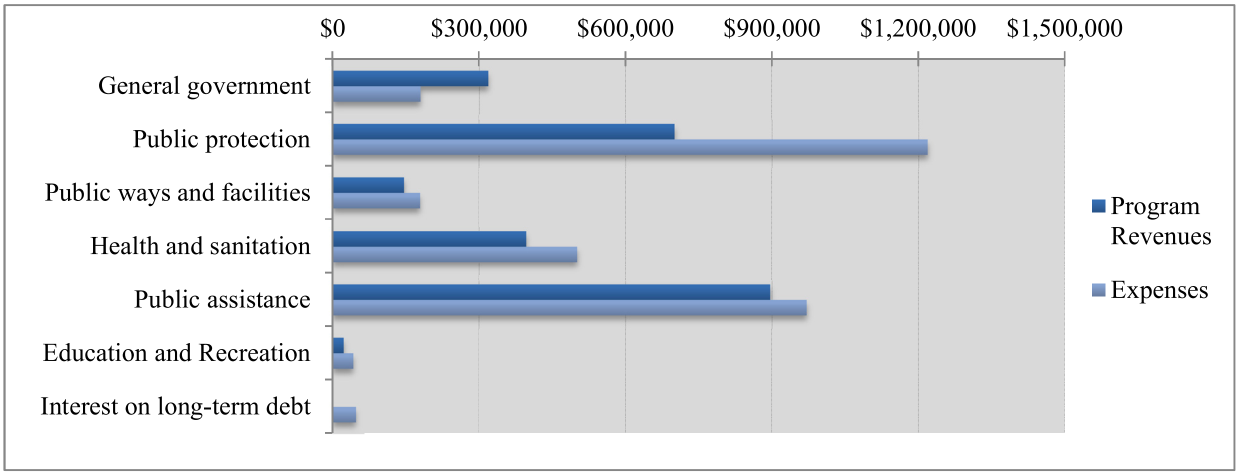
- Public ways and facilities represents $177.9 million, or 5.7% of the total governmental activities expenses and increased by $69.5 million or 64.1% due to several grade separation and road improvement projects in progress for eliminating conflicts between railroad operations and vehicular traffic.

- Health and sanitation represents $499.7 million or 15.9% of the total expenses and increased by $38.7 million, or 8.4% from prior year due to increases in medical, physician, and hospital services provided to the new population of Medi-Cal enrollees. Increases were also due to Medi-Cal expansion and staffing requested by the court for providing more timely services to conservatorship programs, which manage the personal affairs and estates of individuals disabled by mental disorders and housing needs.

- Public assistance represents $970.4 million or 31.0% of the total expenses and increased by $119.2 million or 14.0% from prior year. This was caused by previous vacant positions which were filled for children service programs and the implementation of state policy changes related to calworks redesign, core practice model and expansion of mental health services, and the Coordinated Care Initiative (CCI) in the In Home Support Service program.

- The remaining 2.8% represents education for $23.4 million or 0.7%; recreation and culture for $18.3 million or 0.6%, and interest on long-term debt for $45.9 million or 1.5%.

Program Revenues and Expenses - Governmental Activities
For the fiscal year ended June 30, 2015
(In thousands)



Business-type Activities

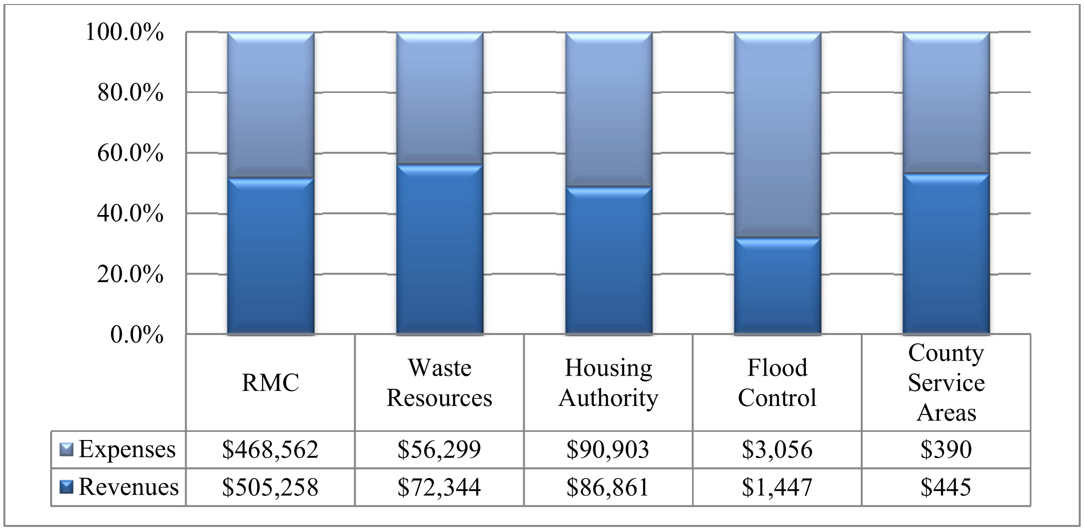
The following are specific major factors that resulted in the net position changes in business-type activities between fiscal years 2013-14 and 2014-15 as shown in the previous table of page 9.

Revenues: The County has three major business-type activities: RMC, Waste Resources, and Housing Authority. In addition, Flood Control and County Service Areas are included in the business-type activities of the County. Business-type activities recover all or a significant portion of their costs through user fees and charges and provide services primarily to non-County entities.

For the current year, $665.8 million or 99.8%, of business-type activities program revenue was received from charges for services, a percentage consistent with the prior fiscal year. The majority of this revenue, $504.8 million, was received by RMC as compared to $400.6 million for the prior fiscal year. The increase was mainly attributed to a significant one-time reimbursement and settlement receipts from the State, and additional patient care revenue.

Expenses: Total expenses for business-type activities were $619.2 million for the fiscal year compared to $642.7 million for the prior fiscal year. This represents a decrease of $23.5 million or 3.6%. Expenses of $468.6 million or 75.7% were incurred by RMC in the current fiscal year, as compared to $482.2 million or 75.0%, for the prior fiscal year. In addition, expenses for Waste Resources department expenses were $56.3 million or 9.1%, compared to $62.7 million or 9.8% from prior fiscal year; Housing Authority expenses were $90.9 million or 14.7% of total expenses for business-type activities, compared to prior fiscal year's expenses of $94.7 million or 14.7%; Flood Control and County Service Areas account for the remaining 0.5% of expenses consistent with the prior fiscal year.

Revenues and Expenses - Business Type Activities
For the fiscal year ended June 30, 2015
(In thousands)



	RMC	Waste Resources	Housing Authority	Flood Control	County Service Areas
Expenses	$468,562	$56,299	$90,903	$3,056	$390
Revenues	$505,258	$72,344	$86,861	$1,447	$445

FINANCIAL ANALYSIS OF FUND STATEMENTS

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund

The focus of the County's governmental funds is to provide information on the sources, uses, and balances of spendable resources. Such information is useful in assessing the County's short-term financial requirements. In particular, the total fund balance less the nonspendable amount may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the County include the general fund, special revenue funds, capital project funds, debt service funds, and permanent fund.

As of June 30, 2015, the County's governmental funds reported combined fund balances of $1.4 billion, an increase of $294.4 million in comparison with the prior year. The components of total fund balance are as follows (See Note 16 - Fund Balances for additional information):

- Nonspendable fund balance – $7.7 million, are amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- Restricted fund balance – $1.0 billion, are amounts that are constrained to being used for a specific purpose by external parties such as creditors, grantors, laws, or regulations.
- Committed fund balance – $49.5 million, are amounts that are committed for a specific purpose. These funds require action from the Board of Supervisors to remove or change the specified use.
- Assigned fund balance – $73.1 million, are amounts that have been set aside and are intended to be used for a specific purpose but are neither restricted nor committed. Assigned amounts cannot cause a deficit in unassigned fund balance.
- Unassigned fund balance – $225.9 million, funds that are not reported in any other category and are available for any purpose within the general fund.

Total governmental fund revenue increased by $316.0 million or 10.8%, from the prior fiscal year with $3.2 billion being recognized for the fiscal year ended June 30, 2015. Expenditures increased by $309.9 million or 10.1%, from the prior fiscal year with $3.4 billion being expended for governmental functions during fiscal year 2014-15. Overall, governmental fund balance increased by $294.4 million or 27.6%. In comparison, fiscal year 2013-14 had a decrease in governmental fund balance of $49.1 million or 4.4%, over fiscal year 2012-13.

The general fund is the primary operating fund of the County. At the end of fiscal year 2014-15, the general fund's total fund balance was $395.4 million, as compared to $363.7 million in fiscal year 2013-14. As a measure of the general fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures. The nonspendable portion of fund balance was $2.0 million, and the spendable portion was $393.4 million. The current year unassigned fund balance is 8.3% of the total general fund expenditures of $2.7 billion, as compared to 8.3% of the prior year expenditures total of $2.5 billion. The total fund balance of the general fund for the current year is 14.6% of the total general fund expenditures as compared to 14.8% for the prior year.

The decrease in Transportation and Land Management Agency fund balance was due to the completion of the grade separation projects during the current fiscal year, and lesser highway user tax allocation received from the State due to the correction of allocation error which occurred in prior years.

Flood control fund balance decreased by $17.9 million or 6.9%, due to a rise in inspection costs for developer constructed infrastructure projects and negotiated salary increases for personnel.

Public facilities improvement capital project fund balance increased from $134.7 million to $138.6 million, 2.9% or $3.9 million. The increase was caused by some construction costs were financed with bond proceeds in addition to contribution from other county funds.

A Public Financing Authority capital project fund was established during fiscal year 2014-2015 with the new lease revenue bond proceed for financing construction costs of several major capital projects including the new detention center, parking structures, and courtrooms.

Other Governmental Funds

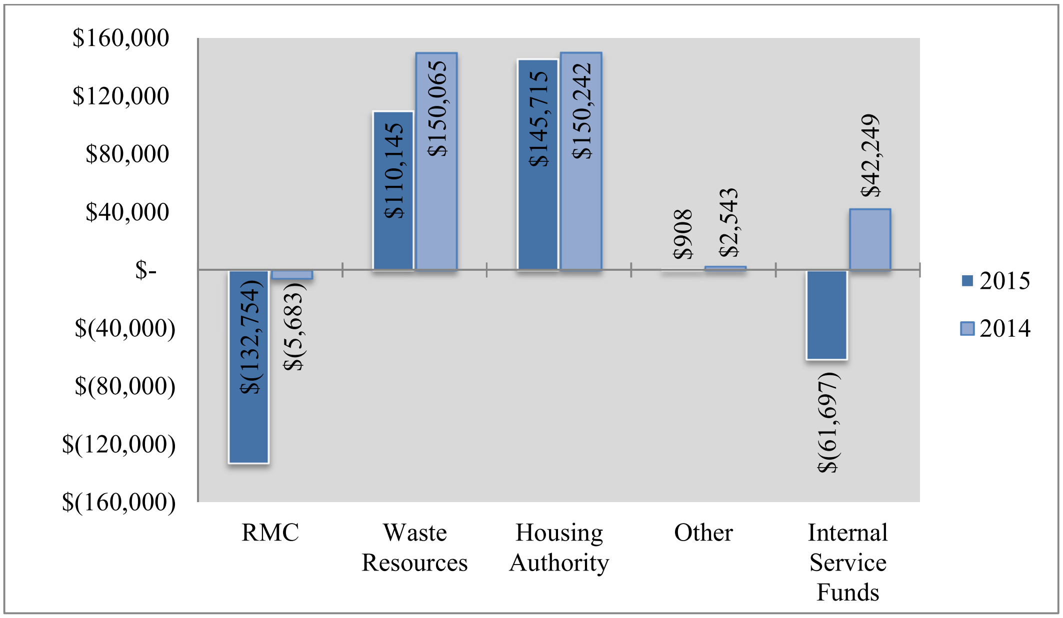
The decrease in nonmajor governmental funds fund balance was essentially from the scheduled annual principal payments of outstanding debts.

Proprietary Funds

The County's proprietary funds financial statements provide the same type of information as the government-wide financial statements, but in more detail. The RMC and Waste Resources are shown in separate columns of the fund statements due to materiality criteria as defined by GASB. In addition, the internal service funds are combined into a single, aggregated presentation in the proprietary fund statements with the individual fund data provided in the combining statements, which can be found in the supplemental information section.

At the end of the fiscal year, total proprietary fund net position was $62.3 million, compared to $339.4 million for prior fiscal year, decreased by $277.1 million or 81.6%. The significant change was due to the prior period adjustments made to reflect the prior period costs related to the implementation of the net pension liability and the post-closure and remediation liabilities for inactive sites that had not been recorded in the prior year. In addition to the prior period adjustments, the other significant change was RMC's savings from operational improvements in reduction of overtime, contract renegotiations, and supply cost reductions including pharmaceuticals, additional patient care revenue, and limiting the State health realignment funds reduction.

Proprietary Funds Net Position
For the fiscal year ended June 30, 2015
(In thousands)



GENERAL FUND FINANCIAL ANALYSIS

Revenues and other financing sources for the general fund, including comparative amounts from the preceding year are shown in the following tabulation:

General Fund - Revenues by Source
For the fiscal year ended June 30, 2015
(In thousands)

	2015		2014		Increase / (Decrease)	
Revenues by Sources	Amount	Percent of Total	Amount	Percent of Total	Amount	Percentage of Change
Taxes	$ 267,708	9.4%	$ 256,746	10.0%	$ 10,962	4.3%
Intergovernmental revenues	1,861,246	65.4%	1,653,338	64.6%	207,908	12.6%
Charges for services	431,323	15.2%	396,904	15.5%	34,419	8.7%
Other revenue	142,580	5.0%	155,771	6.1%	(13,191)	-8.5%
Other financing sources	142,453	5.0%	97,982	3.8%	44,471	45.4%
Total	$ 2,845,310	100.0%	$ 2,560,741	100%	$ 284,569	11.1%

General fund revenues had an overall increase of $284.6 million, or 11.1%, from the prior year. The increase was due primarily to the changes in the following:

- The changes in *Taxes* during the current fiscal year were due to the 7.8% increase in assessment roll value, yielding a total property tax roll of $229.4 billion, compared to $213.0 billion in fiscal year 2013-14. The main factor of the roll increase was the growth rate in the average sales price of a single family home in the County. Other factors included a substantial increase in a large number of properties in the reduced or "decline-in-value" assessment, also called Proposition 8, price increases in multi-family apartments, large warehouse properties, and vacant land.

- The increase in *Intergovernmental revenues* was primarily attributed to allocation and realignment revenue from the state and federal aid. See explanation previously discussed on page 10.

- *Charges for services* increased by $34.4 million, or 8.7%, was primarily due to increase in fire protection services provided to cities and patrol service provided to cities, RMC, and schools. Capitated Medi-Cal services increased as a result of the new population of Medi-Cal patients which based on a payment per person, rather than a payment per service provided.

- The decrease in *Other revenue* was due to the receipt of prior year landfill lease revenue which included prorated rent from fiscal years 2009-10 to 2012-13. Penalties on delinquent property taxes continued to decrease as the local housing and employment markets continued to strengthen, and the revenue neutrality payments collected in prior year were including deferral neutrality payments from fiscal year 2010-11 to 2012-13.

- *Other financing sources* increased $44.5 million, or 45.4%, due to office building and equipment financed with capital leases.

Expenditures and other financing uses for the general fund, including comparative amounts from the preceding year, are shown in the following tabulation (in thousands):

General Fund - Expenditures by Function
For the fiscal year ended June 30, 2015
(In thousands)

	2015		2014		Increase / (Decrease)	
Expenditures by Function	Amount	Percent of Total	Amount	Percent of Total	Amount	Percentage of Change
General government	$ 109,900	3.9%	$ 106,045	4.2%	$ 3,855	3.6%
Public protection	1,189,466	42.3%	1,116,621	43.7%	72,845	6.5%
Public ways and facilities	8	0.0%	-	0.0%	8	100.0%
Health and sanitation	478,047	17.0%	416,005	16.3%	62,042	14.9%
Public assistance	865,309	30.7%	795,309	31.1%	70,000	8.8%
Other expenditures	68,313	2.4%	19,313	0.8%	49,000	253.7%
Other financing uses	103,554	3.7%	101,021	4.0%	2,533	0.0%
Total	$ 2,814,597	100.0%	$ 2,554,314	100.0%	$ 260,283	10.2%

Total expenditures for general fund were $2.8 billion, an increase of $260.3 million, or 10.2%, from the prior year. Significant changes are as follows:

- An increase of $3.9 million, or 3.6% in *General government* was mainly due to a major countywide election conducted during fiscal year 2014-15, contributions made to support capital project costs, debt service payments, and court facility maintenance and improvement.

- The increase in *Public protection* was mainly caused by the Probation Field Service Departments continued implementation of realignment efforts with either community based supervision, mandatory probation, pre-trial services, court-ordered probation, or Require Every Convict Occupant Reimburse County Expenses (RECORCE); through the recruitment and hiring of vacant positions and continued implementation of evidence based programs. The correctional deputy and deputy sheriff positions were filled for the new county jail. Additional officers in patrol division were hired to reach the goal of more than one sworn officer for every one thousand residents.

- In *Health and sanitation*, an additional change was implemented to the California Affordable Care Act (ACA) due to the addition of treatment for substance use and moderate mental illnesses for adults enrolled in Medi-Cal. Medi-Cal benefits were previously limited to treating only those with very serious mental illness conditions.

- The increase in *Public assistance* was due to aggressive recruiting in all major social service program areas in an effort to accommodate program growth and keep pace with the 12.0% annual attrition rate.

- The significant change in *Other expenditures* was mainly due to an office building and equipment purchase financed by capital lease obligation.

- The increase in *Other financing uses* was due to contributions to other County funds for financing debt service payments, construction costs of capital projects, and County program activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

This section provides a summary of the primary factors attributing to the General Fund variances between 1) the original adopted and the final amended budget, and 2) the final amended budget and the actual revenue and expenditure amounts. The budgetary comparison statement displays the details of the comparison and is included in the governmental fund statements section.

Variance Between General Fund Original Adopted and Final Amended Budget

Estimated Revenue Variances

The original adopted General Fund estimated revenue budget increased by $20.0 million, or 0.7%, from $2.82 billion to the final amended revenue budget of $2.84 billion. The major changes in appropriations are as follows:

Taxes: Increased by $10.6 million, or 4.1%, $4.6 million of the increase was due to a net increase in forecasted property tax revenue due to an increase in assessment roll values from 5.0% to 7.8% and the remaining $5.5 million was for one-time revenue received for residual redevelopment assets.

State aid: Increased by $49.5 million, or 4.1%, $33.2 million was transferred from Mental Health Service Act fund to the general fund to fund the purchase of a new facility by Mental Health. The new facility will be an integrated outpatient clinic. In addition, as part of the Governor's plan to pay off debt to local agencies, the county received $5.9 million in SB90 reimbursable state mandates. The remaining variance was due to an increase in projected revenue from AB118 and other state programs.

Charges for services: Decreased by $43.1 million, or 8.3%. $63.0 million of the decrease was primary due to intergovernmental activities. This was offset by an increase of $11.8 million from the Sheriff department providing additional law enforcement services to the Cities and the RMC along with a $5.3 million increase by the Fire Department with their Cal Fire contract.

Other revenues: Decreased by $10.1 million, or 12.1%. The primary decrease was mainly due to intergovernmental activities of $24.8 million. This was an offset of $11.1 million from contributions from other funds and $2.0 million received from insurance proceeds related to a helicopter accident.

Expenditure Appropriation Variances

The original adopted General Fund appropriation budget increased by $17.5 million, or 0.6%, from $2.87 billion to the final amended appropriation budget of $2.88 billion. The major appropriation variances are described below.

General government: The appropriation budget decreased by $20.1 million, or 10.0%.

- Other charges decreased by $14.3 million, or 20.6%. The decrease was mainly due to intergovernmental activities of $25.9 million. This was offset by an increase of $7.6 million of contributions given to other county funds and $3.1 million contributed to non-County agencies.
- Appropriation for contingencies decreased by $13.4 million, or 57.6%. The Sheriff's department attributed $14.9 million of the decreased because their budget increased to be able to meet County's board directive of increasing patrol staffing in unincorporated areas of the county and to fund trial court realignment shortfall.

Public protection: The appropriation budget increased by $45.5 million, or 3.8%.

- Salaries and employee benefits increased by $33.9 million or 4.3%. This was mostly due to increases in salary costs due to new labor negotiations. The Sheriff Department had increases of approximately $40.0 million within its Administration, Patrol and Correction divisions to be able to meet the County's board directive of increasing patrol staffing in unincorporated areas of the County and hiring for the East County

Detention Center. The District's Attorney office increased its salaries by $5.2 million. This increase was offset by at $12.0 million decrease due to intergovernmental activities.

Health and sanitation: The appropriation budget increased by $39.2 million or 8.1%.

- Services and supplies increased by $16.7 million, or 14.7%. Mental Health costs increased by $5.9 million for IT core services, car pool expense and building maintenance and improvement. $4.5 million was for Department of Public Health to purchase a high capacity copier. $3.1 million of the variance was for fiscal year 2014-15 encumbrances for various general fund departments for professional services.

- Other charges increased by $17.8 million, or 10.4%. A decreased of $4.8 million was due to intergovernmental activities was offset by an increase of $18.0 million increase in MISP programs, $2.0 million contributions to Low Income Health Plan and a $1.6 million increase by Mental Health for providing private care to misdemeanor felons.

- Capital assets increased by $33.6 million, or 3634.9%. In June 2014, the Board of Supervisors approved the purchase of a building for $36.0 million for Mental Health to combine various mental health services in one location. In March 2015, the acquisition was completed and the General Fund was subsequently reimbursed by MHSA revenue.

- Intrafund transfers increased by $21.2 million or 33.2%. $4.5 million was increased by the Department of Public Health to purchase a high capacity copier and $16.5 million was increased by MISP for realignment funding.

Variance between General Fund Actual Revenues and Expenditures and Final Amended Budget

During the year, the General Fund had a positive budget variance of approximately $35.3 million resulting from unexpended appropriations of $172.5 million, or 6.0%, and overestimated revenue of $137.2 million, or 4.8%. The following contributed to the variance:

Revenue Variances

General Fund actual revenues of $2.70 billion were 4.8%, or $137.2 million, less than the final amended revenue budget of $2.84 billion.

Rents and concessions: Actual revenues were less than the final amended budget by $24.5 million, or 76.0%. The primary variance is due to $15.1 million being transferred from the general fund to the CORAL debt service fund and the remaining $9.3 million was for the hospital's debt service.

Federal aid: Actual revenues were less than the final amended budget by $16.6 million, or 3.0%. The Department of Social Services had a net decrease of $8.7 million. During the year the CalWORKs program leveled off and came in under budget by $11.0 million however this was offset by an increase of $2.2 million in federal funding for the Affordable Care Act. The Probation department's actuals were $4.3 million less than budget due to Title IV-E funding. Lastly, Public Health's federal health grants revenue was $1.8 million less than budgeted due to less services provided to the American Lung Association of California than expected.

State aid: Actual revenues were less than the final amended budget by $19.4 million, or 1.6%. During the fiscal year the County received additional state revenue of $33.2 million from state mandated reimbursements, $4.5 million from AB118 and $3.0 million from growth public safety sales tax revenue. This revenue was offset by a $20.0 million decrease in State public assistance programs.

Charges for services: Actual revenues were less than the final amended budget by $44.4 million, or 9.3%. $63.0 million of the variance was due to intergovernmental activities. Fire department actuals were less by $8.5 million for abatements and fire protection and CORAL inter-fund rent was $5.0 million less due to ACES being paid off in

October 2014. Mental Health actuals were $3.2 million less than budgeted for reimbursement services, ambulatory care for capitated Medi-Cal was $2.4 million less, and EDA utilities were $1.3 million less than budgeted.

Other revenue: Actual revenues were less than the final amended budget by $38.6 million, or 52.5%. $24.8 million reduction is primary due to intergovernmental activities. $6.7 million variance in the Department of Public Social Services was budgeted to cover possible operations deficit but funding was not needed as Federal, State and other funding covered costs in the current year. $5.2 million budgeted by the Executive office to repay CIP fund was not deemed necessary.

Expenditure Variances

General Fund actual expenditures of $2.71 billion were 6.0%, or $172.5 million, less than the final amended appropriation budget of $2.88 billion.

General government: Actual expenditures were less than the final amended budget by $71.1 million, or 39.3%.

- Salaries and employee benefits were $6.4 million, or 7.0%, below budget. Decreases were noted in the Assessor by $2.9 million, the Treasurer-Tax Collector by $0.6 million, Register of Voters by $0.6 million and $1.7 million decrease by intergovernmental activities.

- Services and supplies were $5.4 million, or 7.2%, less than budgeted primarily due to Human Resources by $1.0 million, Assessor's Office by $0.7 million, EDA by $0.7 million, and Treasurer's Office by $0.5 million.

- Other charges decreased by $43.9 million, or 79.3%, mainly due to decreases in contributions to other funds by the Executive Office and decreases in intergovernmental activities.

- Capital assets were $5.8 million, or 95.5%, less than budgeted primarily due to a decrease of $3.4 million to pay for a developer agreement and settlement for the Park's Vail Ranch Historic Site however, it is expected to be paid in fiscal year 2015-16. There was also a $2.3 million decrease in capitalized software and equipment for the Assesor.

- Appropriation for contingencies decreased by $9.9 million, or 100.0%. In order to meet the County's board directive of increasing patrol staffing in unincorporated areas of the County, the Sheriff's department had to request a $10.0 million budget adjustment that was funded by contingency funds.

Public protection: Actual expenditures were less than the final amended budget by $46.5 million, or 3.8%.

- Salaries and employee benefits were $30.9 million, or 3.8%, less than budgeted primarily due to the $1.9 million decrease in District Attorney, $5.2 million decrease in Sheriff Department, $16.3 million decrease in Probation Department, and $1.9 million decrease in Fire Department. Intergovernmental activities decrease the appropriation by $12.0 million.

- Services and supplies were $14.0 million, or 3.8%, less than budgeted mainly due to Fire Department's professional services and weed abatement charges.

Health and sanitation: Actual expenditures were less than the final amended budget by $42.6 million, or 8.2%.

- Salaries and employee benefits were $21.9 million, or 8.7%, less than budgeted amounts mainly due to Mental Health decrease by $14.9 million and Public Health Department by $3.8 million. Intergovernmental activities decrease the appropriation by $4.8 million.

- Services and supplies were $9.5 million, or 7.3%, less than budgeted primarily due to decreases of approximately $9.0 million related to professional services.

- Other charges were $9.2 million, or 4.9%, less than budgeted for private care providers.

Public assistance: Actual expenditures were less than the final amended budget by $34.6 million, or 3.8%.

- Salaries and employee benefits were $10.6 million, or 3.6%, less than budgeted due to Department of Public Social Services (DPSS). Their budget was increased at the beginning of the year in response to the continued caseload growth in CalFresh and the Medi-Cal expansion related to healthcare reform. Positions were funded but not all were filled by year end.

- Services and supplies were $19.3 million, or 16.2%, less than budgeted primarily due to DPSS. DPSS increased their budget by $7.4 million for computer equipment, $5.2 million for building improvement-maintenance-rents and $2.7 million for professional services. This was in response to caseload growth in CalFresh, expansion in Medi-Cal and mental health services, changes in state policy for CalWORKs and child welfare, and to implement Coordinated Care Initiative program in the In Home Supportive Services.

Debt service: Actual expenditures were less than the final amended budget by $32.1 million, or 71.4%, primarily due to a decrease in principal transferring actuals to debt service fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the County's capital assets for both its governmental and business-type activities amounted to $4.6 billion (net of accumulated depreciation). The capital assets include land easements, land improvements, structures and improvements, equipment, construction in progress, concession arrangements and infrastructure. The County's infrastructure is comprised of channels, storm drains, levees, basins, roads, traffic signals, bridges, runways, parks, park trails, and landfill liners. The County's capital assets increased by 5.2% or $229.2 million, from $4.4 billion in fiscal year 2013-14 to $4.6 billion in fiscal year 2014-15.

Major capital asset events during the current fiscal year included the following:

- Infrastructure increased approximately $264.1 million consisting of donated roads valued at $40.1 million, $32.7 million in flood storm drains and channels, and $191.3 million in roads, traffic signals, bridges, and other infrastructures transferred out of construction in progress.

- Land easements increased approximately $20.5 million as a result of the following acquisitions: Approximately 14.5 acres of land for Rustin Mental Health Building was acquired for $13.0 million. The Flood Control District had land additions of $4.0 million acquired to protect the existing Main Street Dam for water conservation and to improve flood protection. Approximately $3.4 million of land was obtained by the Economic Development Agency through cooperative agreements between the Law Library, the City of Riverside, and the County that paved the way for the development of the Downtown Law Building, the Citrus Tower, and 91 freeway improvements.

- The Economic Development Agency acquired the Indio Law Building with a total cost of $44.0 million through a leased agreement between the County and the Riverside Community Properties Development, Inc. In preparation for the East County Detention Center site, the following buildings were demolished: Indio County Administrative Center, Law Library, and Superior Courts of Indio with approximately total value of $9.8 million. Also, the $2.2 million Cabazon Water District Building was transferred to the Water District. Overall, the structures and improvements increased approximately by $32.2 million.

- Equipment increased approximately $18.3 million. The primary increase of $9.1 million was due to the Sheriff department's acquisition of two new helicopters and $1.7 million in communication equipment. The remaining balance of $7.5 million was due to increases in office equipment, software, equipment vehicles, and other miscellaneous equipment throughout the County.

- During the current fiscal year, construction in progress incurred an additional amount of $215.5 million related to existing and new projects. The major projects were as follows: the Transportation and Land Management Agency incurred an additional $96.4 million for projects related to streets, bridges, sidewalks and signal lights; the Flood Control District incurred $57.3 million for new dam, storm drains and channels; the Economic Development Agency incurred $33.2 million in costs for existing projects such as the East County Parking Structure, East County Detention Center, Desert Hot Springs Family Care Clinic and the remodeling of Public Defender Building; the RMC incurred an additional $9.6 million in cost for existing projects such as the Nurse Education Building and Emergency Room Expansion; the Crest project incurred an additional $7.6 million towards the new integrated property management system. However, approximately $320.8 million of completed projects were transferred out of construction in progress to other capital asset classifications which resulted in a decrease of approximately $105.4 million.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

Capital Assets (Net of Accumulated Depreciation)
(In thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2015	2014	2015	2014	2015	2014	%
Infrastructure	$ 1,686,877	$ 1,419,015	$ 49,162	$ 52,936	$ 1,736,039	$ 1,471,951	17.9%
Land and easements	529,885	507,989	24,359	25,777	554,244	533,766	3.8%
Land improvements	85	86	1,916	2,498	2,001	2,584	-22.6%
Structures and improvements	1,168,032	1,129,652	112,646	118,792	1,280,678	1,248,444	2.6%
Equipment	213,558	192,122	30,998	34,117	244,556	226,239	8.1%
Construction in porgress	757,220	875,531	65,464	52,528	822,684	928,059	-11.4%
Concession arrangements	-	-	8,830	8,830	8,830	8,830	0.0%
Total outstanding	$ 4,355,657	$ 4,124,395	$ 293,375	$ 295,478	$ 4,649,032	$ 4,419,873	5.2%

Additional information on the County's capital assets can be found in Note 8 on pages 74-76 of this report.

Debt Administration

Per Board of Supervisors policy, the County's Debt Advisory Committee reviews all debt issuances of the County and its financing component unit organizations and advises the Board of Supervisors accordingly. Net bonded debt per capita equaled $515.0 million as of June 30, 2015. The calculated legal debt limit for the County is $2.9 billion.

The following are credit ratings maintained by the County:

	Moody's Investors Services, Inc.	Standard & Poor's Corp.	Fitch
Short-term notes	MIGl	SP-1+	F1+
Long-term general obligation	Aa3	AA	AA-

The table below provides summarized information (including comparative amounts from the preceding year) for the County's outstanding long-term liabilities as of June 30, 2015.

County's Outstanding Debt Obligations
(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2015	2014	2015	2014	2015	2014	%
Loan payable	$ 3,350	$ 3,890	$ -	$ -	$ 3,350	$ 3,890	-13.9%
Bonds payable	1,141,497	814,257	119,917	132,941	1,261,414	947,198	33.2%
Certificate of participation	211,688	239,988	-	-	211,688	239,988	-11.8%
Capital leases	147,278	79,822	5,878	3,854	153,156	83,676	83.0%
Total outstanding	$ 1,503,813	$ 1,137,957	$ 125,795	$ 136,795	$ 1,629,608	$ 1,274,752	27.8%

The County of Riverside's total debt increased by 27.8% or $354.9 million during the current fiscal year primarily due to addition bond issuance and capital leases. Additional information on the County's long-term debt can be found in Note 14 on pages 83-93 of this report.

ECONOMIC FACTORS AND THE FISCAL YEAR 2015-16 BUDGET OUTLOOK

Economists' forecasts for long-term growth in the County remain optimistic. The residential and nonresidential property markets continue to improve while unemployment rates continue to decline.

Decisions by the state in recent years help to reshape the way the County delivers essential public safety services. The adopted budget contains Board of Supervisors approved initiatives related to the direct impacts of these decisions, as well as the costs of labor and pension increases. These initiatives are funded by a combination of general fund discretionary revenue and increases to Proposition 172 public safety sales tax allocations.

The County continues implementing recommendations of Huron Consulting Group to improve the fiscal condition of the recently renamed Riverside University Health System (formerly the Regional Medical Center). The RMC's new executive leadership team has stabilized its cash flow and continues efforts to bring its spending in line with projected revenues.

Fiscal year 2015-16 discretionary revenue is expected to increase by approximately 6.0% or $40.4 million when compared to the fiscal year 2014-15 initial budget. The increase is primarily due to growth in assessed valuation for property values, which increased the amount of fiscal year 2015-16 estimated property tax revenue estimates by more than $22.0 million over fiscal year 2014-15. A technical change to characterization of the County's $35.0 million matching obligation for health and mental health programs caused a commensurate increase in estimated discretionary revenue from the state that was previously characterized as non-discretionary revenue. The following table reflects anticipated discretionary revenue totals and sources for fiscal year 2015-16.

Management's Discussion & Analysis *(Unaudited)*

The following table reflects anticipated discretionary revenue totals and sources for fiscal year 2015-16.

Source	Final Budget Estimate (In thousands)
Taxes	$ 252,687
Other taxes	48,366
Licenses, permits, franchise taxes	4,903
Fines, forfeitures, penalties	22,400
Use of money and property	10,778
State	274,658
Federal	3,000
Charges for services	486
Miscellaneous	117,886
Total	$ 735,164

The County's employee retirement benefit contribution rate for fiscal year 2015-16 for miscellaneous members is 15.4% and the safety contribution rate is 23.6%. The employer rate for both plans is subject to changes in future years, as it continues to reflect changes in investment return and the County's growth rate, among other factors. Fiscal year 2016-17 rates are projected at 17.0% (Miscellaneous) and 27.4% (Safety). Additional information regarding the County's retirement plans are included in Notes 20, 21, and 22 of the financial statements and schedules of retirement funding progress are included in the required supplementary information section.

Requests for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County of Riverside, Office of the Auditor-Controller, County Administrative Center, 4080 Lemon Street - 11th Floor, P.O. Box 1326, Riverside, CA 92502-1326 Phone: (951) 955-3800; Fax: (951) 955-3802; website: www.auditorcontroller.org/ReportsPublications.

COUNTY OF RIVERSIDE

MAY 9, 1893

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BASIC FINANCIAL STATEMENTS-GOVERNMENT-WIDE FINANCIAL STATEMENTS

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COUNTY OF RIVERSIDE
Statement of Net Position
June 30, 2015
(Dollars in Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Children and Families Commission	Palm Desert Financing Authority
ASSETS:					
Cash and investments (Note 4)	$ 1,008,724	$ 150,248	$ 1,158,972	$ 41,298	$ -
Receivables, net (Notes 1 and 6)	413,860	130,828	544,688	3,737	-
Internal balances (Note 7)	92,936	(92,936)	-	-	-
Inventories	5,715	8,168	13,883	3	-
Prepaid items and deposits	4,251	3,873	8,124	12	-
Restricted cash and investments (Notes 4 and 5)	786,113	129,942	916,055	-	11,387
Other noncurrent receivables (Note 6)	22,994	-	22,994	-	35,359
Loans receivable (Note 6)	-	89,968	89,968	-	-
Pension asset, net (Notes 21)	1,858	-	1,858	-	-
OPEB asset, net (Note 22)	30,342	-	30,342	-	-
Land held for resale	-	38,825	38,825	-	-
Capital assets (Note 8):					
Nondepreciable assets	1,287,105	98,653	1,385,758	373	-
Depreciable assets, net	3,068,552	194,722	3,263,274	1,890	-
Total assets	6,722,450	752,291	7,474,741	47,313	46,746
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	209,599	25,452	235,051	196	-
LIABILITIES:					
Current liabilities:					
Accounts payable	130,413	23,588	154,001	2,166	-
Salaries and benefits payable	92,025	16,862	108,887	118	-
Due to other governments	35,425	113,074	148,499	-	-
Interest payable	8,784	245	9,029	-	445
Deposits payable	787	95	882	-	-
Advances from grantors and third parties (Note 12)	287,329	-	287,329	-	-
Notes payable (Note 13)	101,520	-	101,520	-	-
Other liabilities	8,021	2,883	10,904	-	-
Interest rate swap (Note 14)	25,375	-	25,375	-	-
Long-term liabilities (Note 14):					
Due within one year	248,976	30,995	279,971	123	5,580
Due beyond one year	3,043,906	493,322	3,537,228	1,395	40,357
Total liabilities	3,982,561	681,064	4,663,625	3,802	46,382
DEFERRED INFLOWS OF RESOURCES (Note 15)	423,050	67,291	490,341	452	-
NET POSITION:					
Net investment in capital assets	3,009,048	95,160	3,104,208	2,263	-
Restricted for:					
Children's programs	-	-	-	40,992	-
Community development	135,121	-	135,121	-	-
Debt service	99,014	40,453	139,467	-	-
Health and sanitation	31,906	14,822	46,728	-	-
Public protection	88,231	-	88,231	-	-
Public ways and facilities	131,810	-	131,810	-	-
Other programs	3,277	1,294	4,571	-	-
Unrestricted	(971,969)	(122,341)	(1,094,310)	-	364
Total net position	$ 2,526,438	$ 29,388	$ 2,555,826	$ 43,255	$ 364

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

COUNTY OF RIVERSIDE
Statement of Activities
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTION/PROGRAM ACTIVITIES:				
Primary government:				
Governmental activities:				
General government	$ 179,575	$ 164,830	$ 152,938	$ 473
Public protection	1,217,731	371,237	328,820	-
Public ways and facilities	177,870	32,488	81,609	30,828
Health and sanitation	499,669	62,556	333,358	-
Public assistance	970,415	2,083	893,830	-
Education	23,409	1,272	8,131	-
Recreation and cultural services	18,335	11,374	1,472	278
Interest on long-term debt	45,904	-	-	-
Total governmental activities	3,132,908	645,840	1,800,158	31,579
Business-type activities:				
Regional Medical Center	468,562	504,811	-	447
Waste Resources Department	56,299	72,344	-	-
Housing Authority	90,903	86,772	-	89
Flood Control	3,056	1,447	-	-
County Service Areas	390	445	-	-
Total business-type activities	619,210	665,819	-	536
Total primary government	$ 3,752,118	$ 1,311,659	$ 1,800,158	$ 32,115
Component units:				
Children and Families Commission	$ 22,617	$ -	$ 20,937	$ -
Palm Desert Financing Authority	7,012	8,238	-	-
Total component units	$ 29,629	$ 8,238	$ 20,937	$ -

General revenues:
Taxes:
Property taxes
Sales and use taxes
Other taxes
Unrestricted intergovernmental revenue
Investment earnings (loss)
Other
Transfers
Total general revenues and transfers
Changes in net position before extraordinary items
Extraordinary items
Extraordinary item
Changes in net position
NET POSITION, BEGINNING OF YEAR, AS RESTATED (Note 3)
NET POSITION, END OF YEAR

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

Net (Expenses) Revenues and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Children and Families Commission	Palm Desert Financing Authority	
					FUNCTION/PROGRAM ACTIVITIES:
					Primary government:
					Governmental activities:
$ 138,666	$ -	$ 138,666			General government
(517,674)	-	(517,674)			Public protection
(32,945)	-	(32,945)			Public ways and facilities
(103,755)	-	(103,755)			Health and sanitation
(74,502)	-	(74,502)			Public assistance
(14,006)	-	(14,006)			Education
(5,211)	-	(5,211)			Recreation and cultural services
(45,904)	-	(45,904)			Interest on long-term debt
(655,331)	-	(655,331)			Total governmental activities
					Business-type activities:
-	36,696	36,696			Regional Medical Center
-	16,045	16,045			Waste Resources Department
-	(4,042)	(4,042)			Housing Authority
-	(1,609)	(1,609)			Flood Control
-	55	55			County Service Areas
-	47,145	47,145			Total business-type activities
(655,331)	47,145	(608,186)			Total primary government
					Component units:
			$ (1,680)	$ -	Children and Families Commission
			-	1,226	Palm Desert Financing Authority
			(1,680)	1,226	Total component units
					General revenues:
					Taxes:
327,504	-	327,504	-	-	Property taxes
32,851	-	32,851	-	-	Sales and use taxes
18,632	-	18,632	-	-	Other taxes
244,003	-	244,003	-	-	Unrestricted intergovernmental revenue
8,700	895	9,595	185	19	Investment earnings (loss)
164,177	-	164,177	20	-	Other
(11,250)	11,250	-	-	-	Transfers
784,617	12,145	796,762	205	19	Total general revenues and transfers
129,286	59,290	188,576	(1,475)	1,245	Changes in net position before extraordinary items
					Extraordinary items
-	(905)	(905)	-	-	Extraordinary item
129,286	58,385	187,671	(1,475)	1,245	Changes in net position
2,397,152	(28,997)	2,368,155	44,730	(881)	NET POSITION, BEGINNING OF YEAR, AS RESTATED (Note 3)
$ 2,526,438	$ 29,388	$ 2,555,826	$ 43,255	$ 364	NET POSITION, END OF YEAR

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

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BASIC FINANCIAL STATEMENTS-
FUND FINANCIAL STATEMENTS

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COUNTY OF RIVERSIDE
Balance Sheet
Governmental Funds
June 30, 2015
(Dollars in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	General	Transportation	Flood Control	Teeter Debt Service
Assets:				
Cash and investments (Note 4)	$ 133,487	$ 124,144	$ 253,741	$ -
Accounts receivable (Notes 1 and 6)	10,846	440	519	-
Interest receivable (Note 6)	785	43	111	13
Taxes receivable (Note 6)	9,243	13	993	60,410
Due from other governments (Note 6)	317,901	7,729	607	-
Due from other funds (Note 7)	11,854	410	-	35
Inventories	1,638	1,164	-	-
Prepaid items and deposits	-	2,600	731	-
Restricted cash and investments (Notes 4 and 5)	358,985	-	1,956	49,787
Advances to other funds (Note 7)	7,442	-	-	-
Total assets	852,181	136,543	258,658	110,245
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	$ 852,181	$ 136,543	$ 258,658	$ 110,245
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts payable	$ 24,756	$ 45,488	$ 15,163	$ -
Salaries and benefits payable	79,116	2,385	1,102	-
Due to other governments	32,894	1,604	115	-
Due to other funds (Note 7)	2,172	68	86	8,725
Deposits payable	43	423	-	-
Advances from grantors and third parties (Note 12)	269,276	15,423	545	-
Teeter notes payable (Note 13)	-	-	-	101,520
Advances from other funds (Note 7)	-	-	-	-
Total liabilities	408,257	65,391	17,011	110,245
Deferred inflows of resources (Note 15)	48,535	-	993	-
Fund balances (Note 16):				
Nonspendable	2,001	3,776	731	-
Restricted	122,967	49,875	236,749	-
Committed	39,422	2,719	-	-
Assigned	5,144	14,782	3,174	-
Unassigned	225,855	-	-	-
Total fund balances	395,389	71,152	240,654	-
Total liabilities, deferred inflows of resources, and fund balances	$ 852,181	$ 136,543	$ 258,658	$ 110,245

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

Public Facilities Improvements Capital Projects	Public Financing Authority	Other Governmental Funds	Total Governmental Funds	ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:
				Assets:
$ 147,135	$ -	$ 138,091	$ 796,598	Cash and investments (Note 4)
2,800	-	2,203	16,808	Accounts receivable (Notes 1 and 6)
68	-	89	1,109	Interest receivable (Note 6)
-	-	1,251	71,910	Taxes receivable (Note 6)
965	-	9,816	337,018	Due from other governments (Note 6)
-	-	219	12,518	Due from other funds (Note 7)
-	-	-	2,802	Inventories
-	-	587	3,918	Prepaid items and deposits
-	303,845	71,540	786,113	Restricted cash and investments (Notes 4 and 5)
-	-	-	7,442	Advances to other funds (Note 7)
150,968	303,845	223,796	2,036,236	Total assets
-	-	-	-	Deferred outflows of resources
$ 150,968	$ 303,845	$ 223,796	$ 2,036,236	Total assets and deferred outflows of resources
				LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:
				Liabilities:
$ 6,295	$ 1,347	$ 8,479	$ 101,528	Accounts payable
-	-	2,890	85,493	Salaries and benefits payable
-	-	755	35,368	Due to other governments
1	-	706	11,758	Due to other funds (Note 7)
-	-	321	787	Deposits payable
51	-	2,034	287,329	Advances from grantors and third parties (Note 12)
-	-	-	101,520	Teeter notes payable (Note 13)
6,000	-	-	6,000	Advances from other funds (Note 7)
12,347	1,347	15,185	629,783	Total liabilities
-	-	4	49,532	Deferred inflows of resources (Note 15)
				Fund balances (Note 16):
-	-	1,181	7,689	Nonspendable
120,141	302,498	168,472	1,000,702	Restricted
3,000	-	4,402	49,543	Committed
15,480	-	34,552	73,132	Assigned
-	-	-	225,855	Unassigned
138,621	302,498	208,607	1,356,921	Total fund balances
$ 150,968	$ 303,845	$ 223,796	$ 2,036,236	Total liabilities, deferred inflows of resources, and fund balances

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

COUNTY OF RIVERSIDE

MAY 9, 1893

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COUNTY OF RIVERSIDE

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2015

(Dollars in Thousands)

Fund balances - total governmental funds (page 31)		$ 1,356,921
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		4,283,410
Net OPEB assets, net pension liabilities, deferred outflows and deferred inflows of resources related to pensions are not current financial resources, therefore, are not reported in the governmental funds.		(1,368,874)
Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period; under accrual accounting, revenue must be recognized as soon as earned, regardless of its availability. Any liability of earned but unavailable revenue must be eliminated in the government-wide financial statements.		30,152
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds payable	$ 1,141,497	
Capital lease obligations	95,680	
Certificates of participation	211,688	
Loans payable	3,350	
Accrued interest payable	8,784	
Accreted interest payable	129,834	
Accrued remediation cost	2,019	
Compensated absences	215,248	(1,808,100)
Internal service funds are used by management to charge the costs of equipment, fleet management, printing, information technology, supply services, risk management, and temporary assistance to individual funds. Since internal service funds predominantly service government activities, the assets and liabilities of these funds are included as governmental activities in the statement of net position.		32,929
Net position of governmental activities (page 25)		$ 2,526,438

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

COUNTY OF RIVERSIDE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	General	Transportation	Flood Control	Teeter Debt Service
REVENUES:				
Taxes	$ 267,708	$ 7,686	$ 47,095	$ -
Licenses, permits, and franchise fees	17,829	3,379	-	-
Fines, forfeitures, and penalties	77,770	55	-	-
Use of money and property:				
Investment earnings	4,372	304	1,004	117
Rents and concessions	7,758	-	103	-
Aid from other governmental agencies:				
Federal	542,934	29,355	-	-
State	1,224,095	73,352	602	-
Other	94,217	9,145	-	-
Charges for services	431,323	22,600	6,956	-
Other revenue	34,851	6,803	16,953	259
Total revenues	2,702,857	152,679	72,713	376
EXPENDITURES:				
Current:				
General government	109,900	-	-	2,658
Public protection	1,189,466	5,971	-	-
Public ways and facilities	8	164,306	114,331	-
Health and sanitation	478,047	-	-	-
Public assistance	865,309	-	-	-
Education	590	-	-	-
Recreation and culture	317	-	-	-
Debt service:				
Principal	8,770	-	-	-
Interest	4,107	-	-	-
Cost of issuance	-	-	-	-
Capital outlay	54,529	-	-	-
Total expenditures	2,711,043	170,277	114,331	2,658
Excess (deficiency) of revenues over (under) expenditures	(8,186)	(17,598)	(41,618)	(2,282)
OTHER FINANCING SOURCES (USES):				
Transfers in	87,924	12,377	429	2,362
Transfers out	(103,554)	(3,802)	(161)	(80)
Issuance of debt	-	-	21,000	-
Premium on long-term debt	-	-	2,423	-
Capital leases	54,529	-	-	-
Total other financing sources (uses)	38,899	8,575	23,691	2,282
NET CHANGE IN FUND BALANCES	30,713	(9,023)	(17,927)	-
Fund balances, beginning of year, as previously reported	363,676	80,175	258,581	-
Adjustments to beginning fund balances (Note 3)	1,000	-	-	-
Fund balances, beginning of year, as restated	364,676	80,175	258,581	-
FUND BALANCES, END OF YEAR	$ 395,389	$ 71,152	$ 240,654	$ -

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

Public Facilities Improvements Capital Projects	Public Financing Authority	Other Governmental Funds	Total Governmental Funds	
				REVENUES:
$ -	$ -	$ 56,869	$ 379,358	Taxes
-	-	685	21,893	Licenses, permits, and franchise fees
-	-	1,234	79,059	Fines, forfeitures, and penalties
				Use of money and property:
531	-	1,661	7,989	Investment earnings
352	-	17,335	25,548	Rents and concessions
				Aid from other governmental agencies:
-	-	61,980	634,269	Federal
473	-	6,058	1,304,580	State
26,933	-	23,392	153,687	Other
21,679	-	36,824	519,382	Charges for services
38,718	-	21,753	119,337	Other revenue
88,686	-	227,791	3,245,102	Total revenues
				EXPENDITURES:
				Current:
56,377	-	21,274	190,209	General government
-	-	7,436	1,202,873	Public protection
553	-	12,898	292,096	Public ways and facilities
-	-	4,498	482,545	Health and sanitation
-	-	62,789	928,098	Public assistance
-	-	20,165	20,755	Education
-	-	23,399	23,716	Recreation and culture
				Debt service:
-	-	75,158	83,928	Principal
-	-	39,898	44,005	Interest
-	-	950	950	Cost of issuance
-	37,237	11,445	103,211	Capital outlay
56,930	37,237	279,910	3,372,386	Total expenditures
31,756	(37,237)	(52,119)	(127,284)	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES):
9,661	339,735	98,295	550,783	Transfers in
(37,459)	-	(414,312)	(559,368)	Transfers out
-	-	325,000	346,000	Issuance of debt
-	-	26,276	28,699	Premium on long-term debt
-	-	-	54,529	Capital leases
(27,798)	339,735	35,259	420,643	Total other financing sources (uses)
3,958	302,498	(16,860)	293,359	NET CHANGE IN FUND BALANCES
134,663	-	225,467	1,062,562	Fund balances, beginning of year, as previously reported
-	-	-	1,000	Adjustments to beginning fund balances (Note 3)
134,663	-	225,467	1,063,562	Fund balances, beginning of year, as restated
$ 138,621	$ 302,498	$ 208,607	$ 1,356,921	FUND BALANCES, END OF YEAR

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

COUNTY OF RIVERSIDE

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COUNTY OF RIVERSIDE

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

Net change in fund balances - total governmental funds (page 35)		$ 293,359
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay and other capital projects as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	$ 372,979	
Less loss on disposal of capital assets	(13,692)	
Less current year depreciation	(150,712)	208,575
Pension expense is not recorded on the governmental funds but are recognized on the statement of net position and Other Post Employee Benefit (OPEB) costs are expended in the governmental funds when paid but are recognized as a financial resource in the statement of net position.		34,794
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Proceeds in excess of principal payments		(343,587)
Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period; under accrual accounting, revenue must be recognized as soon as earned, regardless of its availability. Also, any liability of earned but unavailable revenue must be eliminated in the government-wide financial statements.		(17,115)
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 governmental funds.		
Change in accrued interest	576	
Change in accreted interest	(18,211)	
Change in long-term compensated absences	(32,642)	(50,277)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income (loss) of the internal service funds is reported with governmental activities.		3,537
Change in net position of governmental activities (page 27)		$ 129,286

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

COUNTY OF RIVERSIDE
Budgetary Comparison Statement
General Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 256,553	$ 267,120	$ 267,708	$ 588
Licenses, permits, and fees	18,216	18,385	17,829	(556)
Fines, forfeitures, and penalties	72,282	76,998	77,770	772
Use of money and property:				
Investment earnings	2,916	2,916	4,372	1,456
Rents and concessions	32,272	32,272	7,758	(24,514)
Aid from other governmental agencies:				
Federal	551,769	559,558	542,934	(16,624)
State	1,194,020	1,243,531	1,224,095	(19,436)
Other government	89,562	90,060	94,217	4,157
Charges for services	518,892	475,770	431,323	(44,447)
Other revenue	83,539	73,447	34,851	(38,596)
Total revenues	2,820,021	2,840,057	2,702,857	(137,200)
EXPENDITURES:				
Current:				
General government:				
Salaries and employee benefits	90,944	91,283	84,850	(6,433)
Services and supplies	65,891	74,033	68,666	(5,367)
Other charges	69,714	55,376	11,474	(43,902)
Capital assets	4,349	6,099	273	(5,826)
Intrafund transfers	(52,945)	(55,597)	(55,363)	234
Appropriation for contingencies	23,234	9,852	-	(9,852)
Total general government	201,187	181,046	109,900	(71,146)
Public protection:				
Salaries and employee benefits	787,533	821,426	790,540	(30,886)
Services and supplies	356,484	364,387	350,391	(13,996)
Other charges	48,568	50,597	51,516	919
Capital assets	4,979	6,968	4,364	(2,604)
Intrafund transfers	(7,013)	(7,368)	(7,345)	23
Total public protection	1,190,551	1,236,010	1,189,466	(46,544)
Health and sanitation:				
Salaries and employee benefits	260,027	252,331	230,473	(21,858)
Services and supplies	113,339	130,046	120,545	(9,501)
Other charges	171,009	188,850	179,688	(9,162)
Capital assets	925	34,548	33,916	(632)
Intrafund transfers	(63,911)	(85,160)	(86,575)	(1,415)
Total health and sanitation	481,389	520,615	478,047	(42,568)

(Continued)

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

COUNTY OF RIVERSIDE

Budgetary Comparison Statement

General Fund (Continued)

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Public assistance:				
Salaries and employee benefits	$ 309,761	$ 294,220	$ 283,583	$ (10,637)
Services and supplies	110,398	119,104	99,756	(19,348)
Other charges	481,866	484,069	481,074	(2,995)
Capital assets	1,156	2,980	1,181	(1,799)
Intrafund transfers	(441)	(441)	(285)	156
Total public assistance	902,740	899,932	865,309	(34,623)
Education:				
Salaries and employee benefits	289	283	282	(1)
Services and supplies	325	325	308	(17)
Total education	614	608	590	(18)
Public ways and facilities:				
Services and supplies	-	-	8	8
Total public ways and facilities	-	-	8	8
Recreation and culture:				
Salaries and employee benefits	108	106	102	(4)
Services and supplies	229	224	215	(9)
Other charges	2	7	-	(7)
Capital assets	1	1	-	(1)
Intrafund transfers	(1)	(1)	-	1
Total recreation and culture	339	337	317	(20)
Debt service:				
Principal	84,350	40,105	8,770	(31,335)
Interest	4,895	4,895	4,107	(788)
Total debt service	89,245	45,000	12,877	(32,123)
Capital outlay	-	-	54,529	54,529
Total expenditures	2,866,065	2,883,548	2,711,043	(172,505)
Excess (deficiency) of revenues over (under) expenditures	(46,044)	(43,491)	(8,186)	35,305
OTHER FINANCING SOURCES (USES):				
Transfers in	-	87,924	87,924	-
Transfers out	-	(103,554)	(103,554)	-
Capital leases	-	-	54,529	54,529
Total other financing sources (uses)	-	(15,630)	38,899	54,529
NET CHANGE IN FUND BALANCE	(46,044)	(59,121)	30,713	89,834
Fund balance, beginning of year, as previously reported	363,676	363,676	363,676	-
Adjustment to beginning fund balance	-	-	1,000	1,000
Fund balance, beginning of year	363,676	363,676	364,676	1,000
FUND BALANCE, END OF YEAR	$ 317,632	$ 304,555	$ 395,389	$ 90,834

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

COUNTY OF RIVERSIDE
Budgetary Comparison Statement
Transportation Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 7,184	$ 7,184	$ 7,686	$ 502
Licenses, permits, and franchise fees	2,328	3,028	3,379	351
Fines, forfeitures, and penalties	-	-	55	55
Use of money and property:				
Investment earnings	216	216	304	88
Aid from other governmental agencies:				
Federal	53,793	53,793	29,355	(24,438)
State	51,766	52,106	73,352	21,246
Other	4,929	4,929	9,145	4,216
Charges for services	77,064	66,599	22,600	(43,999)
Other revenue	11,317	10,393	6,803	(3,590)
Total revenues	208,597	198,248	152,679	(45,569)
EXPENDITURES:				
Current:				
Public protection	6,649	7,474	5,971	(1,503)
Public ways and facilities	205,878	204,064	164,306	(39,758)
Total expenditures	212,527	211,538	170,277	(41,261)
Excess (deficiency) of revenues over (under) expenditures	(3,930)	(13,290)	(17,598)	(4,308)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	12,377	12,377	-
Transfers out	-	(3,802)	(3,802)	-
Total other financing sources (uses)	-	8,575	8,575	-
NET CHANGE IN FUND BALANCE	(3,930)	(4,715)	(9,023)	(4,308)
Fund balance, beginning of year	80,175	80,175	80,175	-
FUND BALANCE, END OF YEAR	$ 76,245	$ 75,460	$ 71,152	$ (4,308)

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

COUNTY OF RIVERSIDE

Budgetary Comparison Statement
Flood Control Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 42,262	$ 42,262	$ 47,095	$ 4,833
Use of money and property:				
Investment earnings	766	766	1,004	238
Rents and concessions	180	180	103	(77)
Aid from other governmental agencies:				
State	559	559	602	43
Charges for services	3,981	2,580	6,956	4,376
Other revenue	41,084	19,062	16,953	(2,109)
Total revenues	88,832	65,409	72,713	7,304
EXPENDITURES:				
Current:				
Public ways and facilities	168,308	183,147	114,331	(68,816)
Total expenditures	168,308	183,147	114,331	(68,816)
Excess (deficiency) of revenues over (under) expenditures	(79,476)	(117,738)	(41,618)	76,120
OTHER FINANCING SOURCES (USES):				
Transfers in	-	429	429	-
Transfers out	-	(161)	(161)	-
Issuance of Debt	-	21,000	21,000	-
Premium on long-term debt	-	2,423	2,423	-
Total other financing sources (uses)	-	23,691	23,691	-
NET CHANGE IN FUND BALANCE	(79,476)	(94,047)	(17,927)	76,120
Fund balance, beginning of year	258,581	258,581	258,581	-
FUND BALANCE, END OF YEAR	$ 179,105	$ 164,534	$ 240,654	$ 76,120

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

COUNTY OF RIVERSIDE
Statement of Net Position
Proprietary Funds
June 30, 2015
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
ASSETS:	Regional Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
Current assets:						
Cash and investments (Note 4)	$ 64,027	$ 75,223	$ 8,429	$ 2,569	$ 150,248	$ 212,126
Accounts receivable - net (Notes 1 and 6)	57,102	4,958	45	267	62,372	9,393
Interest receivable (Note 6)	-	65	-	5	70	90
Taxes receivable (Note 6)	-	-	-	11	11	-
Due from other governments (Note 6)	66,972	55	1,338	10	68,375	526
Due from other funds (Note 7)	1,893	-	-	2	1,895	117
Advances to other funds (Note 7)	-	29,856	-	-	29,856	2,000
Inventories	7,919	249	-	-	8,168	2,914
Land held for sale	-	-	38,825	-	38,825	-
Prepaid items and deposits	3,873	-	-	-	3,873	333
Restricted cash and investments (Notes 4 and 5)	40,646	68,697	17,636	2,963	129,942	-
Total current assets	242,432	179,103	66,273	5,827	493,635	227,499
Noncurrent assets:						
Loans receivable (Note 6)	-	5,000	84,968	-	89,968	-
Capital assets (Note 8):						
Nondepreciable assets	62,368	28,723	7,562	-	98,653	979
Depreciable assets	129,076	58,023	7,603	20	194,722	71,268
Total noncurrent assets	191,444	91,746	100,133	20	383,343	72,247
Total assets	433,876	270,849	166,406	5,847	876,978	299,746
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	22,313	1,919	1,124	96	25,452	10,639
LIABILITIES:						
Current liabilities:						
Accounts payable	16,981	2,721	703	3,183	23,588	28,885
Salaries and benefits payable	15,874	912	-	76	16,862	6,532
Due to other governments	113,054	20	-	-	113,074	57
Due to other funds (Note 7)	431	2,137	35	2	2,605	167
Interest payable	241	-	4	-	245	-
Deposits payable	-	38	-	57	95	-
Other liabilities	137	624	1,946	176	2,883	8,021
Accreted interest payable (Note 14)	223	-	-	-	223	-
Accrued closure and post-closure costs (Notes 10 and 23)	-	555	-	-	555	-
Accrued remediation costs (Note 23)	-	719	-	-	719	-
Compensated absences (Notes 1 and 14)	13,280	1,185	162	11	14,638	10,379
Capital lease obligations (Note 14)	1,521	-	-	-	1,521	15,135
Bonds payable (Note 14)	13,174	-	165	-	13,339	-
Estimated claims liabilities (Notes 14 and 17)	-	-	-	-	-	38,563
Total current liabilities	174,916	8,911	3,015	3,505	190,347	107,739
Noncurrent liabilities:						
Compensated absences (Note 2)	7,799	1,777	1,461	80	11,117	4,333
Advances from other funds (Note 7)	25,856	-	1,600	-	27,456	5,842
Accreted interest payable (Note 14)	65,893	-	-	-	65,893	-
Accrued closure and post closure care costs (Note 10)	-	80,203	-	-	80,203	-
Accrued remediation costs (Note 10 and 23)	-	38,971	-	-	38,971	-
Capital lease obligations (Notes 1 and 2)	4,357	-	-	-	4,357	36,463
Bonds payable (Note 14)	106,013	-	565	-	106,578	-
Estimated claims liabilities (Notes 14 and 17)	-	-	-	-	-	120,389
OPEB obligation, net (Note 14 and 22)	-	140	-	-	140	-
Net pension liability	152,631	19,186	6,266	1,185	179,268	72,772
Other long-term liabilities (Note 14)	-	-	6,795	-	6,795	-
Total noncurrent liabilities	362,549	140,277	16,687	1,265	520,778	239,799
Total liabilities	537,465	149,188	19,702	4,770	711,125	347,538
DEFERRED INFLOWS OF RESOURCES (Note 15)	51,478	13,435	2,113	265	67,291	24,544
NET POSITION:						
Net investment in capital assets	23	86,746	8,371	20	95,160	20,649
Restricted for debt service	40,453	-	-	-	40,453	-
Restricted for health and sanitation	-	14,822	-	-	14,822	-
Restricted other	193	-	1,101	-	1,294	-
Unrestricted	(173,423)	8,577	136,243	888	(27,715)	(82,346)
Total net position	$ (132,754)	$ 110,145	$ 145,715	$ 908	124,014	$ (61,697)
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					(94,626)	
Net position of business-type activities					$ 29,388	

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

COUNTY OF RIVERSIDE
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Regional Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
OPERATING REVENUES:						
Net patient revenue (Notes 1 and 18)	$ 429,235	$ -	$ -	$ -	$ 429,235	$ -
Charges for services	60,773	70,693	1,675	1,720	134,861	283,739
Other revenue	14,803	1,651	85,097	172	101,723	42,651
Total operating revenues	504,811	72,344	86,772	1,892	665,819	326,390
OPERATING EXPENSES:						
Cost of material used	-	217	-	-	217	1,646
Personnel services	245,934	17,063	10,981	1,059	275,037	110,548
Communications	2,578	237	118	-	2,933	6,105
Insurance	5,373	457	258	1	6,089	17,135
Maintenance of building and equipment	18,177	3,667	5,797	75	27,716	23,284
Insurance claims	-	-	-	-	-	140,511
Supplies	59,181	1,823	-	17	61,021	35,939
Purchased services	81,612	1,936	561	920	85,029	21,575
Depreciation and amortization	16,113	5,723	1,413	6	23,255	14,964
Rents and leases of equipment	3,829	2,079	-	1	5,909	53,701
Public assistance	-	5	70,315	-	70,320	-
Utilities	4,332	280	524	96	5,232	2,880
Other	10,322	20,894	527	23	31,766	5,856
Total operating expenses	447,451	54,381	90,494	2,198	594,524	434,144
Operating income (loss)	57,360	17,963	(3,722)	(306)	71,295	(107,754)
NONOPERATING REVENUES (EXPENSES):						
Investment income (loss)	(52)	571	338	38	895	713
Interest expense	(10,068)	-	(124)	-	(10,192)	(3,072)
Gain (loss) on disposal of capital assets	59	2	-	-	61	824
Other nonoperating revenues / (expenses)	(4)	-	(285)	-	(289)	-
Total nonoperating revenues (expenses)	(10,065)	573	(71)	38	(9,525)	(1,535)
Income (loss) before capital contributions and transfers	47,295	18,536	(3,793)	(268)	61,770	(109,289)
Capital contributions	447	-	89	-	536	101,225
Transfers in	16,364	-	-	1	16,365	3,404
Transfers out	(4,662)	(262)	(191)	-	(5,115)	(6,069)
Change in net position before extraordinary item	59,444	18,274	(3,895)	(267)	73,556	(10,729)
Extraordinary item	-	-	905	-	905	-
CHANGE IN NET POSITION	59,444	18,274	(4,800)	(267)	72,651	(10,729)
Net position, beginning of the year, as previously reported	(5,683)	150,065	150,242	2,543		42,249
Adjustments to beginning net position (Note 3)	(186,515)	(58,194)	273	(1,368)		(93,217)
Net position, beginning of the year, as restated	(192,198)	91,871	150,515	1,175		(50,968)
NET POSITION, END OF YEAR	$ (132,754)	$ 110,145	$ 145,715	$ 908		$ (61,697)

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(14,266)
Change in net position of business-type activities	$ 58,385

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

COUNTY OF RIVERSIDE

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Regional Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
Cash flows from operating activities						
Cash receipts from customers / other funds	$ 550,385	$ 71,862	$ 87,896	$ 1,878	$ 712,021	$ 320,937
Cash paid to suppliers for goods and services	(196,693)	(35,393)	(93,644)	(863)	(326,593)	(283,750)
Cash paid to employees for services	(246,008)	(16,632)	(11,047)	(1,018)	(274,705)	(110,289)
Net cash provided by (used in) operating activities	107,684	19,837	(16,795)	(3)	110,723	(73,102)
Cash flows from noncapital financing activities						
Advances from (to) other funds	-	20,000	593	-	20,593	-
Transfers received	16,364	-	-	1	16,365	3,404
Transfers paid	(4,662)	(262)	(191)	-	(5,115)	(6,069)
Net cash provided by (used in) noncapital financing activities	11,702	19,738	402	1	31,843	(2,665)
Cash flows from capital and related financing activities						
Proceeds from sale of capital assets	59	2	2,062	-	2,123	824
Acquisition and construction of capital assets	(12,386)	(5,808)	(265)	-	(18,459)	(4,022)
Principal paid on capital leases	(2,731)	-	-	-	(2,731)	(11,915)
Capital Contributions	447	-	89	-	536	101,225
Principal paid on bonds payable	(9,534)	-	(155)	-	(9,689)	-
Interest paid on long-term debt	(10,175)	-	(55)	-	(10,230)	(3,072)
Net cash provided by (used in) capital and related financing activities	(34,320)	(5,806)	1,676	-	(38,450)	83,040
Cash flows from investing activities						
RDA dissolution assets	-	-	(8,408)	-	(8,408)	-
Interest on investments	(52)	554	338	38	878	704
Net cash provided by (used in) investing activities	(52)	554	(8,070)	38	(7,530)	704
Net increase (decrease) in cash and cash equivalents	85,014	34,323	(22,787)	36	96,586	7,977
Cash and cash equivalents, beginning of year	19,659	109,597	48,852	5,496	183,604	204,149
Cash and cash equivalents, end of year	$ 104,673	$ 143,920	$ 26,065	$ 5,532	$ 280,190	$ 212,126
Reconciliation of cash and cash equivalent to the Statement of Net Position						
Cash and investments per Statement of Net Position	$ 64,027	$ 75,223	$ 8,429	$ 2,569	$ 150,248	$ 212,126
Restricted cash and investments per Statement of Net Position	40,646	68,697	17,636	2,963	129,942	-
Total cash and cash equivalents per Statement of Net Position	$ 104,673	$ 143,920	$ 26,065	$ 5,532	$ 280,190	$ 212,126

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

COUNTY OF RIVERSIDE

Statement of Cash Flows
Proprietary Funds (Continued)
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Regional Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash						
Operating income (loss)	$ 57,360	$ 17,963	$ (3,722)	$ (306)	$ 71,295	$ (107,754)
Adjustments to reconcile operating income (loss) to net						
Depreciation and amortization	16,113	5,723	1,413	6	23,255	14,964
Decrease (Increase) accounts receivable	1,448	(490)	110	(16)	1,052	(5,592)
Decrease (Increase) taxes receivable	-	-	-	1	1	-
Decrease (Increase) due from other funds	(1,893)	-	-	(1)	(1,894)	(37)
Decrease (Increase) due from other governments	46,019	8	1,014	2	47,043	176
Decrease (Increase) inventories	(1,219)	11	-	-	(1,208)	(53)
Decrease (Increase) prepaid items and deposits	(968)	-	-	-	(968)	105
Increase (Decrease) accounts payable	(968)	377	694	242	345	2,787
Increase (Decrease) due to other funds	(193)	2,137	35	(1)	1,978	(447)
Increase (Decrease) due to other governments	(7,961)	12	(16,398)	-	(24,347)	47
Increase (Decrease) deposits payable	-	-	-	3	3	-
Increase (Decrease) accrued closure costs	-	(5,986)	-	-	(5,986)	-
Increase (Decrease) accrued remediation costs	-	111	-	-	111	-
Increase (Decrease) other liabilities	20	(25)	125	26	146	5,950
Increase (Decrease) estimated claims liability	-	-	-	-	-	16,493
Increase (Decrease) net pension liability	(33,884)	(4,098)	(1,391)	(183)	(39,556)	(16,153)
Increase (Decrease) deferred pension	29,165	3,988	1,198	169	34,520	13,905
Increase (Decrease) service concession arrangement	-	(435)	-	-	(435)	-
Increase (Decrease) salaries and benefits payable	3,460	46	-	44	3,550	1,053
Increase (Decrease) compensated absences	1,185	267	127	11	1,590	1,454
Decrease (Increase) pension assets, net	-	214	-	-	214	-
Decrease (Increase) OPEB obligation, net	-	14	-	-	14	-
Net cash provided by (used in) operating activities	$ 107,684	$ 19,837	$ (16,795)	$ (3)	$ 110,723	$ (73,102)
Noncash investing, capital, and financing activities:						
Capital lease obligations	$ 4,755				$ 4,755	33,629

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

COUNTY OF RIVERSIDE

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2015

(Dollars in Thousands)

	Pension Trust	Investment Trust	Private-Purpose Trust	Agency Funds
ASSETS:				
Cash and investments (Note 4)	$ -	$ -	$ 126,801	$ 258,807
Federal agency	-	2,843,640	-	-
Cash and equivalent	195	511,427	-	-
Mutual funds	31,494	-	-	-
Commercial paper	-	278,249	-	-
Repos	-	141,278	-	-
Municipal bonds	-	121,735	-	-
Bond - U.S. Treasury	-	388,884	-	-
Local agency obligation	-	258	-	-
Accounts receivable	104	5,215	916	780
Interest receivable	-	11,257	47	72
Taxes receivable	-	12	-	31,014
Due from other governments	-	-	4,015	-
Land held for sale	-	-	30,974	-
Total assets	31,793	4,301,955	162,753	290,673
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	-	-	5,534	-
LIABILITIES:				
Accounts payable	-	-	13,413	138,346
Due to other governments	-	-	3	152,327
Note payable	-	-	756,015	-
Interest payable	-	-	8,936	-
Accreted interest payable	-	-	7,969	-
Other long-term liabilities	-	-	1,512	-
Total liabilities	-	-	787,848	$ 290,673
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows of resources	-	-	1,563	
NET POSITION:				
Held in trust for pension benefits, external pool participants, and other purposes	$ 31,793	$ 4,301,955	$ (621,124)	

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

COUNTY OF RIVERSIDE

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private-Purpose Trust
ADDITIONS:			
Employer contributions	$ 529	$ -	$ -
Employee contributions	1,266	-	-
Contributions to pooled investments	-	26,100,989	-
Contributions to private-purpose trust	-	-	70,452
Investment income	204	-	288
Total additions	1,999	26,100,989	70,740
DEDUCTIONS:			
Distributions from pooled investments	-	24,892,047	-
Distributions from private-purpose trust		-	62,956
Administrative and other expenses	1,803	-	-
Total deductions	1,803	24,892,047	62,956
Change in net position	196	1,208,942	7,784
Net position held in trust, beginning of the year	31,597	3,093,013	(628,908)
Net position held in trust, end of the year	$ 31,793	$ 4,301,955	$ (621,124)

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

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BASIC FINANCIAL STATEMENTS-NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of Riverside (the County) is a legal subdivision of the State of California charged with general governmental powers. The County's powers are exercised through a five member Board of Supervisors (the Board), which, as the governing body of the County, is responsible for the legislative and executive control of the County. Services provided by the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and culture.

Component Units

While each of these component units is legally separate from the County, the County is financially accountable for these entities. Financial accountability is primarily demonstrated by the County's Board acting as, or appointing, the governing board for each of the component units and its ability to impose its will. Because of their relationship with the County and the nature of their operations, component units are, in substance, part of the County's operations and, accordingly, the activities of these component units are combined, or blended with the activities of the County for purposes of reporting in the accompanying basic financial statements. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

In conformity with accounting principles generally accepted in the United States of America, the financial statements of thirteen component units have been included and combined with financial data of the County. Eleven component units have an integral relationship with and serve as an extension of the County. Using the criteria of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity*, management has determined that each entity is presented as a blended component unit due to the composition of each governing board and the control of the day-to-day activities through the budget process. Two component units are presented discretely. Each blended and discretely presented component unit has a June 30 fiscal year-end.

Blended Component Units

Housing Authority of the County of Riverside (Housing Authority). The Board is the governing body of the Housing Authority. Among its duties, it approves the Housing Authority's budget, rates and charges for the use of facilities, and appoints the management. The County is responsible for all financial debt. The Housing Authority is reported as a proprietary fund type.

Riverside County Flood Control and Water Conservation District (Flood Control). The Board is the governing body of Flood Control. Among its duties, it approves Flood Control's budget, tax rates, contracts, and appoints the management. The County is responsible for all financial debt. Flood Control is reported as both governmental and proprietary fund types.

Riverside County Regional Park and Open-Space District (Park District). The Board is the governing board of the Park District. Among its duties, it approves the Park District's budget, contracts, fees and charges for park use, and appoints the management. The County is responsible for all financial debt and management has operational responsibility. The Park District is reported as both governmental and fiduciary fund types.

County of Riverside Asset Leasing Corporation (CORAL). The Board appoints the governing board of CORAL and CORAL provides services entirely to the County through the purchase of land and construction of facilities, which are then leased back to the County. The County is responsible for all financial debt, and management has operational responsibility. CORAL is reported as a governmental fund type.

Riverside County Service Areas (CSAs). The Board is the governing body of the CSAs. Among its duties, it approves the CSAs' budgets, approves parcel fees, and appoints the management. The County is responsible for all financial debt and management has operational responsibility. The CSAs are reported as either governmental or proprietary fund types.

Riverside County Public Financing Authority (Public Financing Authority). The Board is the governing body of the Public Financing Authority. The Public Financing Authority was formed for the purpose of assisting in financing public improvements of the County, the Riverside County Redevelopment Successor Agency and other local agencies. The County is responsible for all financial debt and management has operational responsibility. The Public Financing Authority is reported as a governmental fund type.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

County of Riverside District Court Financing Corporation (District Corporation). The Board is the governing body of the District Corporation. The District Corporation assists the County by providing for the acquisition, construction and renovation of U.S. District Court facilities. The County is responsible for all financial debt, and management has operational responsibility. The District Corporation is reported as a governmental fund type.

County of Riverside Bankruptcy Court Corporation (Bankruptcy Court.) The Board is the governing body of the Bankruptcy Court. The Bankruptcy Court assists the County by providing for the acquisition, construction and renovation of public facilities and improvements. The County is responsible for all financial debt, and management has operational responsibility. The Bankruptcy Court is reported as a governmental fund type.

In-home Support Services Public Authority (IHSS PA). The Board is the governing body of the IHSS PA. The IHSS PA acts as the employer of record for purposes of collective bargaining for Riverside In-home Supportive Services providers and performs other IHSS PA functions as required and retained by the County. Management has operational responsibility. The IHSS PA is reported as a governmental fund type.

Perris Valley Cemetery District (the District). The Board is the governing body of the District. The District is a public cemetery district operating under the provisions of the Health and Safety Code of the State of California. The District was created in July 1927 for the purpose of operating a public cemetery for the residents of Perris Valley. Management has operational responsibility. The District is reported as a governmental fund type.

Inland Empire Tobacco Securitization Authority (the Authority). The Board appoints two of the three members of the governing board of the Authority. The San Bernardino County Board of Supervisors appoints the third member. The Authority was created by a Joint Exercise of Powers Agreement (the Agreement) effective as of July 18, 2007, between Riverside County and San Bernardino County. The Authority was created for the purpose of securitizing the payments to be received by the County from the nation-wide Tobacco Settlement Agreement (the Payments) for such purposes, but not limited to, issuance, sale, execution and delivery of bonds secured by those Payments or the lending of money based on thereof, or to securitize, sell, purchase or otherwise dispose of some or all of such Payments of the County. The Authority is a blended component unit of the County because the Authority is providing services solely to the County and the County's Board has the ability to impose its will by removing the Authority's governing board at will. The County is responsible for all financial debt. The Authority is reported as a governmental fund type.

Discretely Presented Component Units

Riverside County Children and Families Commission (the Commission). The County Board established First 5 Riverside, also known as Riverside County Children and Families Commission, in 1999 under the provisions of the California Children and Families Act of 1998. The Commission was formed to develop, adopt, promote, and implement early childhood development programs.

A governing board of nine members, that administers the Commission, is appointed by the County Board. The Commission includes one member of the County Board. The Commission is a component unit of the County because the County's Board has the ability to remove some of the Commission's governing board at will. It is discretely presented because its governing board is not substantially the same as the County's governing board and it does not provide services entirely or exclusively to the County.

Palm Desert Financing Authority (PDFA). Is a joint powers authority between the County and Palm Desert Successor Agency (the Agency) established on January 1, 2002, under Section 6502 of the Joint Powers Act, California Government Code Section 6500. The County and the Agency agreed to create the PDFA for the purpose of establishing a vehicle to reduce local borrowing costs, promote greater use of existing and new financial instruments and mechanisms, and assist local agencies in the financing of public capital improvements. Although the PDFA is a legally separate entity, in substance under GASB Statement No. 61, the County is financially accountable for the PDFA's issuance of the lease revenue bond that is under the PDFA's management (2008 Series A).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units (Continued)

The PDFA's commission is the governing body of the PDFA, which consists of the County Executive Officer, one member of the County Board, the Executive Director of the Agency and a member of the governing board. It is discretely presented because its governing board is not substantially the same as the County's governing board.

Additional detailed financial information for each of the discretely presented component units can be obtained from the Auditor-Controller's Office at the Robert T. Anderson Administrative Center, 4080 Lemon Street - 11th Floor, P.O. Box 1326, Riverside, CA 92502-1326.

Presentation of Financial Information Related to County Fiduciary Responsibilities

The basic financial statements also include an Investment Trust fund to account for cash and investments held by the County Treasurer for numerous self-governed school and special districts. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and other assets. School and special district boards that are separately elected and that are independent of the County Board, administer activities of the school districts and special districts. The County auditor-controller makes disbursements upon the request of the responsible self-governed special district officers. The Board has no effective authority to govern, manage, approve budgets, assume financial accountability, establish revenue limits, or appropriate surplus funds available in these entities. Therefore, these entities are fiscally independent of the County. Twenty-eight cities and numerous self-governed special districts provide services to the residents of the County. The operations of these entities have been excluded from the basic financial statements since each entity conducts its own day-to-day operations and is controlled by its own governing board.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, excluding fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the County, and between the County and its discretely presented component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities that rely, to a significant extent, on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Expenses by function have been adjusted for any internal service profit/loss existing at fiscal year-end. In addition, 35.35% or $17.9 million, of the County's $50.6 million indirect costs, allocated through the Countywide Cost Allocation Program (COWCAP), have been included in the expenses of those functions, which can obtain reimbursement through State and Federal Programs or other charges. Program revenues include (1) charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

ancillary activities. *Operating* expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as *nonoperating* expenses.

The County reports the following major governmental funds:

General fund is the County's primary operating fund. It is used to account for all revenues and expenditures necessary to carry out the basic governmental activities of the County that are not accounted for through other funds. For the County, the general fund includes such activities as general government, public protection, health and sanitation, public assistance, education, and recreation and culture services.

Transportation fund accounts for revenue consist primarily of the County's share of highway user taxes and are supplemented by Federal funds, vehicle code fines, and fees and reimbursements for engineering services provided. The fund was established to provide for maintenance and construction of roadways and for specialized engineering services to other governmental units and the public.

Flood Control special revenue fund accounts for revenues and expenditures related to providing flood control in various geographical zones. The fund is primarily financed by ad valorem property taxes, developer fees, and local cooperative agreements.

Teeter debt service fund accounts for revenue from collection of delinquent taxes, which is then used to pay principal of the debt issued to finance the teeter plan.

Public facilities improvements capital project fund accounts for revenues and expenditures related to the acquisition and construction of public buildings and park or recreational facilities. Revenues are obtained from State funding, sale of capital assets, contributions, and from other funds when allocated by the Board.

The County reports the following major enterprise funds:

Regional Medical Center (RMC) accounts for the maintenance of physical plant facilities and quality care to all patients in accordance with accreditation standards, the bylaws, rules and regulations of the medical staff, and the RMC. Revenue for this fund is primarily from charges for services, and secondarily from the County's general fund.

Waste Resources department (Waste Resources) accounts for solid waste revenues, expenses, and the allocation of net income for solid waste projects initiated for the public's benefit. The fund facilitates management and accounting of solid waste projects. Waste Resources prepares and maintains the County's solid waste management plan, provides environmental monitoring in accordance with state and federal mandates, and administers landfill closure and acquisition.

Housing Authority was established to provide affordable, decent, safe housing opportunities to low and moderated income families including elderly and handicapped persons, while supporting programs to foster economic self-sufficiency.

The County reports the following additional fund types:

Internal service funds account for the County's records management and archives, fleet services, information services, printing services, supply services, purchasing, Riverside County Information Technology (RCIT) enterprise solutions division project (accounting, purchasing, and human resources information system), risk management, temporary assistance pool, custodial services, maintenance services, real estate, and flood control equipment on a cost-reimbursement basis. Internal service funds are presented in summary form as part of the proprietary fund financial statements. In the government-wide financial statements, the changes in net position at the end of the fiscal year, as presented in the statements of activities, were allocated to the functions of both the governmental and business-type activities, to reflect the entire activity for the year. Since the predominant users of the internal services are the County's governmental activities, the asset and liability balances of the internal service funds are consolidated into the governmental activities column at the government-wide level.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Pension trust fund accounts for resources held in trust for the members and beneficiaries of a defined benefit pension plan for County employees not eligible for social security or California Public Employees' Retirement System (CalPERS) participation. The County's pension trust fund uses the economic resources measurement focus and accrual basis of accounting.

Investment trust fund accounts for the external portion of the County Treasurer's investment pool. External investment pool participants include entities legally separate from the County, such as school and special districts governed by local boards, regional boards, and authorities. This fund accounts for assets, primarily cash and investments, held or invested by the County treasurer and the related County liability to disburse these monies on demand to the related external entities. The County's investment trust fund uses the economic resources measurement focus and accrual basis of accounting.

Private-purpose trust fund accounts for resources held and administered by the County in a fiduciary capacity for individuals, private organizations, or other governments based on trust arrangements. The fund includes the Redevelopment Successor Agency, public guardian conservatorship, public social service foster care, and maintenance and children's trust. The County's private-purpose trust fund uses the economic resources measurement focus and accrual basis of accounting.

Agency funds account for assets held by the County in a custodial capacity. These funds only involve the receipt, temporary investment, and remittance to individuals, private organizations, or other governments and include property taxes and special assessments collected on behalf of cities, special districts, and other taxing agencies. The County's agency funds have an accrual basis of accounting but no measurement focus.

The government-wide, proprietary, pension trust, investment trust, and private-purpose trust fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. On an accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transactions occur. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental fund type financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues and other governmental fund type financial resources (e.g., bond issuance proceeds) are recognized when they become both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property and sales taxes are considered available for the year levied and are accrued when received within sixty days after fiscal year-end. Revenue received from expenditure driven (cost-reimbursement) grants, as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, are considered available and accrued if expected to be received within twelve months after fiscal year-end. All other revenue streams are considered available and accrued if they are expected to be received within ninety days after the fiscal year-end. Since revenue from these sources are not available to meet current period liabilities, these sources are financed through proceeds received from Tax and Revenue Anticipation Notes (TRANs) which are outstanding for a twelve month period. General capital assets acquisitions are reported as expenditures in governmental fund statements. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Reconciliations are presented to explain the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements. These reconciliations are presented because governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements for governmental activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance of the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's pooled investments.

For purposes of the statement of cash flows, the County considers all highly liquid investments (including restricted cash and investments) with an original maturity of three months or less when purchased to be cash equivalents.

Securities, including U.S. Treasury and Agency securities, are carried at fair value/cost based on current market prices on a monthly basis. Repurchase agreements are carried at fair value based on quoted market prices, except for repurchase agreements maturing within ninety days of June 30, 2015, which are carried at cost. Bond anticipation notes are carried at fair value/cost. Commercial paper is carried at amortized cost/cost. Investments in bankers' acceptances and nonparticipating guaranteed investment contracts are carried at cost. Participating guaranteed investment contracts are carried at fair value based on net realizable value. Mutual funds are carried at fair value based on the funds' share price. Local Agency Obligations are carried at cost based on the value of each participating dollar.

The fair value of a participants' position in the pool is not the same as the value of the pooled shares. The method used to determine the value of participants' equity withdrawn is based on the book value, amortized cost, and accrued interest of the participants' percentage participation at the date of such withdrawal.

State law requires that the County treasurer hold all operating monies of the County, school districts, and certain special districts. Collectively, these mandatory deposits constituted approximately 74.0% of the funds on deposit in the County treasury. In addition, the Auditor-Controller determined districts and agencies constituting approximately 26.0% of the total funds on deposit in the County treasury represented discretionary deposits.

Receivables

The RMC accounts receivable are reported at their gross value and, where appropriate, are reduced by contractual allowances and the estimated uncollectible amounts. The estimated allowance for uncollectibles and allowance for contractuals are $131.4 million and $362.0 million, respectively. The RMC has contracted with a Medi-Cal managed care plan to provide services to patients enrolled with Medicare and Medi-Cal programs. The RMC receives a fixed monthly premium payment for each patient enrolled. Revenue under this agreement is recognized in the period in which the RMC is required to provide services.

Property taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and the Revenue and Taxation Code. Property is assessed by the County Assessor and State Board of Equalization at 100.0% of full cash or market value (with some exceptions) pursuant to Article XIIIA of the California State Constitution and statutory provisions. The total for fiscal year 2014-15 gross assessed valuation (for tax purposes) of the County was $230.4 billion.

The property tax levy to support general operations of the various local government jurisdictions is limited to 1.0% of the full cash value of taxable property and distributed in accordance with statutory formulas.

Amounts needed to finance the annual requirements of voter-approved debt (approved by the electorate prior to June 30, 1978) are excluded from this limitation and are calculated and levied each fiscal year. The rates are formally adopted by either the Board or the city councils and, in some instances, the governing board of a special district.

The County is divided into tax rate areas, which are unique combinations of various jurisdictions servicing a specific geographic area. The rates levied within each tax rate area vary only in relation to levies assessed as a result of voter-approved indebtedness.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Property taxes are levied on both real and personal property and are recorded as receivables at the date of levy. Secured property taxes are levied on or before the first business day of September of each year. These taxes become a lien on real property on January 1 proceeding the fiscal year for which taxes are levied. Tax payments can be made in two equal installments; the first is due November 1 and are delinquent with penalties after December 10; the second is due February 1 and are delinquent with penalties after April 10. Secured property taxes that are delinquent and unpaid as of June 30 are declared to be tax defaulted and are subject to redemption penalties, costs, and interest when paid. If the delinquent taxes are not paid at the end of five years, the property is sold at public auction and the proceeds are used to pay the delinquent amounts due and any excess is remitted, if claimed, to the taxpayer.

Supplemental tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payments and delinquent dates but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill.

Unsecured personal property taxes are not a lien against real property. These taxes are due on January 1, and become delinquent, if unpaid, on August 31.

During fiscal year 1993-94, the County authorized an alternative property tax distribution method referred to as the "teeter plan." This method allows for a 100.0% distribution of the current secured property tax levy to entities electing the alternative method, as compared to the previous method where only the current levy less any delinquent taxes was distributed. This results in the general fund receiving distributions of approximately 50.0-55.0% in December, 40.0-45.0% in April and the remaining balance in the fall of each year. The teeter plan also provides that all of the payments of redemption penalties and interest on delinquent secured property taxes of participating agencies flow to a Tax Loss Reserve Fund (TLRF). Any amounts on deposit in the TLRF greater than 1.0% of the tax levy for participating entities may flow to the County general fund. For fiscal year 2014-15, $27.0 million was transferred from the TLRF to the general fund.

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The prepaid assets recorded in the governmental funds do not reflect current appropriable resources and thus, an equivalent portion of fund balance is nonspendable. The consumption method is used to account for prepaid items. Under the consumption method, prepaid items are recorded as expenditures during the period benefited by the prepayment.

Inventories, which consist of materials and supplies held for consumption, are valued at the lower of cost (on a first-in, first-out basis) or market value in the proprietary funds. Inventories for all governmental funds are valued at average cost. The consumption method is used to account for inventories. Under the consumption method of accounting, inventories are recorded as expenditures when consumed rather than when purchased. Material amounts of inventory are reported as assets of the respective fund. Reported inventories of governmental funds are equally offset by a nonspendable fund balance reservation to indicate that portion of fund balance not available for future appropriation.

Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, traffic signals, park trails, and improvements, flood control channels, storm drains, dams, and basins. The capitalization threshold for equipment is $5.0 thousand; buildings, land and land improvements are $1.0 thousand; and, infrastructure and intangibles are $150.0 thousand. Betterments result in more productive, efficient, or long-lived assets. Significant betterments are considered capital assets when they result in an improvement of $2.5 thousand or more.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide financial statements and proprietary funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The estimated useful lives are as follows:

Infrastructure	
Flood channels	99 years
Flood storm drains	65 years
Flood dams and basins	99 years
Roads	20 years
Traffic signals	10 years
Parks trails and improvements	20 years
Bridges	50 years
Buildings	25-50 years
Improvements	10-20 years
Equipment	3-20 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the changes in financial position.

Leases

The County leases various assets under both operating and capital lease agreements. For governmental funds, assets under capital leases and the related lease obligations are reported in the government-wide financial statements. For proprietary funds, the assets and related lease obligations are recorded in the appropriate enterprise or internal service fund and the government-wide financial statements.

Restricted Assets

The County maintains various restricted asset accounts as a result of debt agreements and certain state statutes. The agreements authorizing the issuance of CORAL and Housing Authority obligations include certain covenants pertaining to the disposition of bond proceeds for construction, acquisition, and bond redemption purposes. Waste Resources has restricted assets to meet requirements of state and federal laws and regulations to finance closure and post-closure maintenance activities at landfill sites. The general fund has restricted assets for program money where use is legally or contractually restricted.

Employee Compensated Absences

County policy permits employees in some bargaining units to accumulate earned, but unused vacation, holiday, and sick pay benefits. Vacation and holiday pay are accrued when incurred. For other bargaining units, annual leave is earned and accrued, but not vacation or sick leave. Proprietary funds report accrued vacation and holiday pay as a liability of the individual fund while governmental funds record amounts that are due and payable at year-end as a liability of the fund and amounts due in the future as a liability in the government-wide financial statements. At June 30, 2015, the amount of accrued vacation, holiday pay, and sick leave reported in the government-wide statement of net position was $255.7 million.

The County allows unlimited accumulation of sick leave. Upon service retirement, disability retirement, or death of an employee or officer, and subject to the provisions of any applicable agreement between the employing agency and CalPERS, unused accumulated sick leave for most employees with at least 5 but less than 15 years of service shall be credited at the rate of 50.0% of current salary value thereof provided however, that the total payment shall not exceed a sum equal to 960 hours of full pay.

Unused accumulated sick leave for employees with more than 15 or more years of service shall be credited at the rate of the current salary value provided however, that the total payment shall not exceed a sum equal to 960 hours of full pay. In addition, the employee may also elect to place the payable amount of sick leave into a VEBA (Voluntary Employee Beneficiary Association) account, which may be used for future health care costs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63 and GASB Statement No. 65, the County recognizes deferred outflows of resources and inflows of resources. The deferred outflow of resources is defined as a consumption of net position by the government that is applicable to the future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 15 for a detailed listing of the deferred inflows and outflows of resources the County has recognized.

Long-term Debt

The County reports long-term debt of governmental funds in the government-wide statement of net position. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide statement of net position. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary fund and the government-wide statement of net position.

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts, bond issuance costs, and deferred losses on refundings 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, and deferred losses on refundings.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Issuance costs are reported as debt service expenditures whether or not withheld from the actual debt proceeds received.

Pensions

For purposes of measuring the net pensions liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by CalPERS Financial Office. 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.

Landfill Closure and Post-Closure Care Costs

Waste Resources provides for closure and post-closure care costs over the life of the operating landfills as the permitted airspace of the landfill is used. Accordingly, the entire closure and post-closure care cost is recognized as expense by the time the landfills are completely filled. Waste Resources also recognizes expense closure and post-closure care costs for inactive landfills that have been closed under state and federal regulations.

Waste Resources, under state and federal regulations, may be required to perform corrective action for contaminate releases at any of its active or inactive landfills. Waste Resources provide for remediation costs for landfills upon notification from the local water quality board that a specific landfill is considered to be in the evaluation monitoring phase. Upon notification, Waste Resources provides for these costs based on the most recent cost study information available.

Interfund Transactions

Interfund transactions are reflected as loans, services provided reimbursements, or transfers. Loans are reported as receivables and payables, as appropriate. These transactions are subject to elimination upon consolidation and are referred to as either “due to/due from other funds” (the current portion of interfund loans) or “advances to/advances from other funds” (the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

"internal balances." Advances between funds, as reported in the governmental fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are neither available for appropriation nor available as financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Net Position

The government-wide financial statements and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted net position, or unrestricted net position.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws and regulations of other governments, or restrictions imposed by law through constitutional provisions or legislation.

Unrestricted Net Position – This category represents net position of the County, not restricted for any project or other purpose.

Fund Balance

In the fund financial statements, fund balance may be categorized as nonspendable, restricted, committed, assigned, and unassigned. All of the County's governmental fund balances will be comprised of the following categories:

- Nonspendable fund balance – amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.
- Restricted fund balance – amounts that are constrained to being used for a specific purpose by external parties such as creditors, grantors, laws, or regulations.
- Committed fund balance – amounts that are committed can only be used for specific purposes determined by formal action from the Board, the County's highest level of decision-making authority. Commitments may be changed or lifted only by the County's Board taking the same formal action that imposed the constraint originally.
- Assigned fund balance – amounts that have been set aside and are intended to be used for a specific purpose but are neither restricted nor committed. The Board delegates the County Executive Officer or an Executive Officer designee for the establishment of assignments within the general fund. Assigned amounts cannot cause a deficit in unassigned fund balance.
- Unassigned fund balance – funds that are not reported in any other category and are available for any purpose within the general fund.

Fund Balance Policy

On September 13, 2011, the Board approved Policy B-30, Governmental fund balance policy to ensure fund balance is accurately classified and reported on the annual financial statements per GASB Statement No. 54. This policy applies to governmental fund types which include the general fund, special revenue funds, capital projects funds, debt service funds, and permanent funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The purpose of this policy is to establish the guidelines for:

- The use of reserves with a restricted purpose versus an unrestricted purpose when both are available for expenditures.
- The establishment of stabilization arrangements for governmental funds.
- The minimum fund balance allowable for governmental funds.

The Board establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution (ordinances and resolutions are considered of equal authority with respect to fund balance). This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

Spending Prioritization for Fund Categories

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Board to consider restricted amounts to be reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Board that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

Minimum Fund Balance Policy for Governmental Funds

Establishing guidelines for minimum fund balance for governmental funds is essential to ensuring a prudent level of fund balance is maintained for unanticipated expenditures, delays in revenue receipt, or revenue shortfalls.

The County shall commit a portion of the general fund for disaster relief. The use of these funds will be restricted to one-time or short-term expenditures that are the result of a natural disaster or act of terrorism. The funds restricted for this purpose shall be at least 2.0% of discretionary revenue or $15.0 million, whichever is greater.

No formal action is required to remove an assignment. Assignments within the general fund must be established by the County Executive Officer or an Executive Officer designee.

Special revenue fund balances shall be kept at the higher of the minimum level dictated by the funding source or an amount that does not fall below zero. In the event that the fund balance drops below the established minimum levels, the department with primary responsibility for expending the special revenue will develop a plan to replenish the balance to established minimum levels within 2 years and submit the plan to the Board for approval.

The County shall maintain a minimum unassigned fund balance in its general fund of at least 25.0% of the fiscal year's estimated discretionary revenue. A significant portion of the minimum unassigned fund balance may be used for one-time or short-term expenditures caused by an economic crisis and should be designated within an "Economic Uncertainty" account. Use of these stabilization funds should be as the last resort in balancing the County budget. In the general fund unassigned fund balance, commitments for economic uncertainty is $124.7 million and budget stabilization of $50.6 million, which is 25.0% of discretionary revenue.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Current Governmental Accounting Standards Board Statements

GASB Statement No. 68

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this statement is to improve accounting and financial reporting by

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Governmental Accounting Standards Board Statements

state and local governments for pensions. The statement also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This resulted from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. GASB Statement No. 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. GASB Statement No. 68 is effective for periods beginning after June 15, 2014.

Governmental Accounting Standards Board Statement No. 69

In January of 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations.* The objective of this statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. GASB Statement No. 69 is effective for periods beginning after December 15, 2013.

Governmental Accounting Standards Board Statement No. 71

In November of 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* The objective of this statement is to address an issue regarding application of the transition provisions of GASB Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. GASB Statement No. 71 is applied simultaneously with the provision of GASB Statement 68.

Future Governmental Accounting Standards Board Statements

Governmental Accounting Standards Board Statement No. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements. The statement provides guidance for determining a fair value measurement for financial reporting purposes. The statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. GASB Statement No. 72 is effective for periods beginning after June 15, 2015. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 73

In June of 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. GASB Statement No. 73 is effective for periods beginning after June 15, 2015. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 74

In June of 2015, GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans other than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Governmental Accounting Standards Board Statements (Continued)

financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. GASB Statement No. 74 is effective for periods beginning after June 15, 2015. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 75

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. GASB Statement No. 75 is effective for periods beginning after June 15, 2015. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 76

In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify in the context of current governmental financial reporting environment the hierarchy of generally accepted accounting principles. The “generally accepted accounting principles hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with accounting principles generally accepted in the United States of America and the framework for selecting those principles. GASB Statement No. 76 is effective for periods beginning after June 15, 2015. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 77

In August of 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures.* The objective of this Statement is to assure financial statements prepared by state and local governments in conformity with accounting principles generally accepted in the United States of America provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. GASB Statement No. 77 is effective for periods beginning after December 15, 2015. The County has elected not to early implement this statement.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

On or before October 2 of each fiscal year, after conducting public hearings concerning the proposed budget, the County Board adopts a budget in accordance with the provisions of Sections 29000-29144 and 30200 of the Government Code of the State of California (the Government Code), commonly known as the County Budget Act, and Board Resolution No. 90-338. Annual budgets are adopted on the modified accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Budgeted governmental funds consist of the general fund, major funds, and some nonmajor funds (all special revenue funds, certain debt service funds, and certain capital projects funds). Annual budgets are not adopted for the following debt service funds: CORAL, District Court Financing Corporation, the Authority; the CORAL Capital Projects Fund; RDA Housing Successor Agency; Public Financing Authority and the Perris Valley Cemetery Permanent Fund.

As adopted by the Board, expenditures are controlled by the County at the budgetary unit level, which is the organization level, for each appropriation (object) class. The appropriation classes are salaries and benefits, services and supplies, other charges, capital assets, transfers out, and intrafund transfers. The separately prepared Expenditure by Appropriation – Budget and Actual report, showing budgetary comparisons at the object level of control, is available in the Auditor-Controller's Office.

Each year the original budget, as published in a separate report titled the "Adopted Budget," is adjusted to reflect increases or decreases in revenues and changes in fund balance. These changes are offset by an equal change in available appropriations. The County Executive Officer is authorized by the Board to transfer appropriations between appropriation classes within the same budgetary unit. Transfers of appropriations between budgetary units require approval of the Board (legal level of control). Any deficiency of budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances as provided for in the County Budget Act. All annual appropriations lapse at year-end.

Budgetary comparison statements are prepared for the general fund, special revenue funds, certain debt service funds, and certain capital projects funds. The budgetary comparison statements are a part of the basic financial statements. Each budgetary comparison statement provides three separate types of information: (1) the original budget; (2) the final amended budget, which included legally authorized changes regardless of when they occurred; and (3) the actual amount of inflows and outflows in the budget-to-actual comparison.

Individual Fund Deficits

For the year ended June 30, 2015, Enterprise funds (EF) and Internal Service Funds (ISF) individual Fund Deficits are as follows (In thousands):

Proprietary Funds:		
EF - Regional Medical Center	$	132,754
ISF - Information Services	$	50,013
ISF - Risk Management	$	25,570
ISF - Temporary Assistance Pool	$	1,385
ISF - EDA Facilities Management	$	20,743

The primary reason for the fund deficits in all funds listed are due to prior period adjustments related to GASB 68 Pension Statement.

Excess of expenditures over appropriations

For the year ended June 30, 2015, expenditures exceeded appropriations in capital outlay by $54.5 million in the general fund. This excess of expenditures resulted from the acquisition of $54.5 million of capital leases. Accordingly, this is being funded by other financing sources-capital leases.

NOTE 3 – RESTATEMENTS OF BEGINNING FUND BALANCES / NET POSITION

The County's beginning net position has been restated to reflect the cumulative effect of prior year adjustments. A summary of the restatements as of June 30, 2015 is as follows (In thousands):

Government-wide:

	Primary Government		Component Unit
Description	Governmental Activities	Business-type Activities	Children and Families Commission
Government-wide net position as of June 30, 2014, as previously reported	$ 4,382,887	$ 216,807	$ 46,368
Fund financial statements:			
Prior period adjustments:			
Deferred inflow of resources (1)	1,000	-	-
Compensated absences adjustment (2)	(1,219)	-	-
Incorrect fund type previously recorded (3)	(3,071)	-	-
Net pension liability adjustment (4)	(88,927)	(218,823)	-
Correction of notes receivable from redevelopment agency (5)	-	7,929	-
Post-closure and remediation liability adjustment (7)	-	(34,910)	-
Government-wide financial statements:			
Prior period adjustments:			
Net pension liability adjustment (4)	(1,890,052)	-	(1,638)
Bond premium and loss on refunding debt adjustments (6)	(3,466)	-	-
Net position as of June 30, 2014, as restated	$ 2,397,152	$ (28,997)	$ 44,730

Fund Financials:

	Governmental Funds	Proprietary Funds				
	Major Funds	Enterprise Funds			Non Major Fund	Internal Service Funds
Description	General Fund	Regional Medical Center	Waste Resources	Housing Authority	Other Enterprise Funds	Internal Service Funds
Fund balances as of June 30, 2014, as previously reported	$ 363,676	$ (5,683)	$ 150,065	$ 150,242	$ 2,543	$ 42,249
Prior Period Adjustments:						
Deferred inflow of resources (1)	1,000	-	-	-	-	-
Compensated absences adjustment (2)	-	-	-	-	-	(1,219)
Incorrect fund type previously recorded (3)	-	-	-	-	-	(3,071)
Net pension liability adjustment (4)	-	(186,515)	(23,284)	(7,656)	(1,368)	(88,927)
Correction of notes receivable from redevelopment agency (5)	-	-	-	7,929	-	-
Post-closure and remediation liability adjustment (7)	-	-	(34,910)	-	-	-
Fund balances as of June 30, 2014, as restated	$ 364,676	$ (192,198)	$ 91,871	$ 150,515	$ 1,175	$ (50,968)

(1) A prior period adjustment of $1.0 million was made to increase the governmental activities' beginning net position. The adjustment was made due to prior year deferred inflow of resources was erroneously recorded as inter-fund transaction for operating transfer out.

(2) A prior period adjustment of $1.2 million was made to decrease the governmental activities' beginning net position for compensated absences adjustment.

NOTE 3 – RESTATEMENTS OF BEGINNING FUND BALANCES / NET POSITION (Continued)

(3) A prior period adjustment of $3.1 million was made to decrease the governmental activities' beginning net position. The adjustment was made due to the fiduciary fund type was erroneously recorded for County self-insurance program.

(4) The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability. The beginning net position decreased by $2.0 billion in Governmental Activities, $218.8 million in Business-type Activities, and $1.6 million in Discretely Presented Component Unit.

(5) A prior period adjustment of $7.9 million was made to increase the business-type activities' beginning net position. The adjustment was made due to the notes receivable were not recorded in prior years as part of the absorption of the redevelopment agency and required to be added.

(6) A prior period adjustment of $3.5 million was made to decrease the governmental activities' beginning net position. The adjustment was made due to the bond premium and loss on refunding debt were not recorded in prior year.

(7) A prior period adjustment of $34.9 million was made to decrease the business-type activities' beginning net position. The adjustment was made to reflect the post-closure liability and remediation liability for 26 inactive sites that had not been recorded in the prior year.

NOTE 4 – CASH AND INVESTMENTS

As of June 30, 2015, cash and investments are classified in the accompanying financial statements as follows (In thousands):

	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Fiduciary Funds	Total
Cash and investments	$ 1,008,724	$ 150,248	$ 41,298	$ 4,702,768	$ 5,903,038
Restricted cash and investments	786,113	129,942	11,387	-	927,442
Total cash and investments	$ 1,794,837	$ 280,190	$ 52,685	$ 4,702,768	$ 6,830,480

As of June 30, 2015, cash and investments consist of the following (In thousands):

Deposits	$ 542,070
Investments	6,288,410
Total cash and investments	$ 6,830,480

Investments Authorized by the California Government Code and the County's Investment Policy

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, whichever is more restrictive. The table also identifies certain provisions of the California Government Code or the County's investment policy, (where more restrictive that address interest rate, credit risk, and concentration of credit risk.) A copy of the County's investment policy can be found at www.treasurer-tax.co.riverside.ca.us.

Authorized investment type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Municipal bonds (MUNI)	3 Years	15%	5% **
U.S. treasuries	5 Years	100%	N/A
Local agency obligations (LAO)	3 Years	2.5%	2.5%
Federal agencies	5 Years	100%	N/A
Commercial paper (CP)	270 Days	40%	5% *
Certificate & time deposits (NCD & TCD)	1 Year	25%	5% *
Repurchase agreements (REPO)	45 Days	40% / 25%	20%
Reverse REPOS	60 Days	10%	10%
Medium term notes (MTNO)	3 Years	20%	5% *
CalTRUST short term fund	Daily Liquidity	1%	1%
Money market mutual funds (MMF)	Daily Liquidity	20%	None
Local agency investment fund (LAIF)	Daily Liquidity	Max $50M	N/A
Cash/deposit account	N/A	N/A	N/A

* Maximum of 5% per issuer in combined commercial paper, certificate & time deposits, and medium term notes.

** For credit rated below AA-/Aa3, 2% maximum in one issuer only for State of California debt.

NOTE 4 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the County's Investment Policy (Continued)

As of June 30, 2015, the County and Component Units had the following investments (In thousands):

	Fair Market Value	Interest Rate Range	Maturity	Weighted Average Maturity (Years)	Minimum Legal Rating	Rating (1) June 30, 2015	% of Portfolio
County treasurer investments							
Federal home loan bank	$ 1,072,418	0.130 - 1.850%	08/15 - 05/20	1.12	N/A	AA+/Aaa	17.68%
Federal national mortgage association	770,021	0.110 - 1.500%	08/15 - 02/20	1.36	N/A	AA+/Aaa	12.69%
Federal home loan mortgage corp.	1,093,929	0.080 - 2.000%	07/15 - 06/20	2.25	N/A	AA+/Aaa	18.03%
U.S. treasuries	550,522	0.250 - 0.875%	01/16 - 08/17	0.89	N/A	AA+/Aaa	9.07%
Federal farm credit bonds	835,609	0.140 - 0.875%	07/15 - 10/19	0.88	N/A	AA+/Aaa	13.77%
Commercial paper	393,902	0.100 - 0.180%	07/15 - 10/15	0.13	A1/P1	A1/P1	6.49%
Wells fargo repo	200,000	0.140%	07/15	0.00	A1/P1	A1/P1	3.30%
UB Managed Rate	260,000	0.080%	07/15	0.00	N/A	N/R	4.29%
Money market mutual funds (3)	410,000	0.059 - 0.1067%	07/15	0.00	AAA/Aaa	AAA/Aaa	6.76%
Municipal bonds zero coupon	138,796	0.120 - 0.180%	07/15 - 10/15	0.19	AA- (2)	AA+/Aa1	2.29%
Municipal bonds	33,537	0.150 - 0.540%	08/15 - 05/16	0.44	AA- (2)	AA+/Aa1	0.55%
Farmer mac	253,611	0.195 - 1.800%	07/15 - 05/20	2.55	N/A	N/R	4.18%
Caltrust short term fund	54,000	0.446%	07/15	0.00	N/A	AA/Aaa	0.89%
Local agency obligations	365	0.918%	06/20	4.96	N/A	N/R	0.01%
Total county treasurer investments	6,066,710						100.00%
Investments outside the county treasury							
Blended component unit investments							
Money market mutual funds (3)	71,756	0.040 - 0.439%	07/15	0.00	AAA/Aaa	AAA/Aaa	34.12%
Investment agreements	98,272	4.420 - 4.460%	07/15 - 11/36	18.00	AA-/Aa2	AA+/A1	46.73%
Money market mutual funds (4)	35,405	0.000%	N/A	0.00	N/A	N/R	16.83%
Local agency investment funds	4,880	0.000%	N/A	0.00	N/A	N/R	2.32%
Total blended component units	210,313						100.00%
Discretely presented component units							
Palm desert financing authority							
Money market mutual funds (3)	11,387	0.000%	N/A	0.45	AAA	AAA	100.00%
Total discretely presented component units	11,387						100.00%
Total investments	$ 6,288,410						

(1) Investment ratings are from S&P and Moody's.
(2) A rating permitted for the State of California securities.
(3) Government Code requires money market mutual funds to be rated.
(4) Housing Authority and Inland Empire Tobacco Securitization Authority do not require money market mutual funds to be rated.

Investment in State Investment Pool

The County is a voluntary participant in the LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program, including LAIF, generally is based on quoted market prices. The State Treasurer's Office performs a quarterly fair market valuation of the pooled investment program portfolio and a monthly fair market valuation of all securities held against carrying cost. These valuations and financial statements are posted to the State Treasurer's Office website at www.treasurer.ca.gov. The fair value of the County's investment in this pool is reported in the accompanying financial statements at amounts based upon the County's prorate 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. As of June 30 2015, CORAL has $2.5 million, Housing Authority has $1.7 million and RMC has $0.7 million in LAIF.

NOTE 4 – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements of respective component units, rather than the general provisions of the California Government Code or the County's investment policy. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive to changes in market interest rates of its fair value. One of the ways the County Treasurer manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so a portion of the portfolio is maturing or coming close to maturity to ensure the cash flow and liquidity required for operations.

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 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 be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. GASB Statement No. 40 requires that a disclosure is made with respect to custodial credit risks relating to deposits. The County has cash deposits with fiscal agents in excess of federal depository insurance limits held in collateralized accounts with securities held by Union Bank in the amount of $287.0 million. Investment securities are registered and held in the name of the County.

Concentration of Credit Risk

The investment policy of the County contains certain limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. In accordance with GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, the County should provide information about the concentration of credit risk associated with their investments in any one issuer that represent 5% or more of total County investments. These investments are identified on the investment table on page 66.

Credit Risk

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.

NOTE 5 – RESTRICTED CASH AND INVESTMENTS

The amount of assets restricted by legal and contractual requirements at June 30, 2015 is as follows (In thousands):

Governmental Activities		
General Fund Restricted Program Money		$ 358,985
Flood Control Restricted Program Money		1,956
Public Financing Authority		303,845
Teeter Debt Service Commercial Paper Notes		49,787
Other Governmental Funds		
1990 Monterey Avenue	126	
2005 A Capital Improvement Family	3,523	
2005 B Historic Refunding	2,972	
2006 A Capital Improvements	2,187	
2007 A Public Safety & Refunding	5,825	
2008 A Southwest Justice Center	1,678	
2009 Larson Justice Center	2,755	
2009 Public Safety & Woodcrest Lib	653	
2012 CAC Annex	2,540	
2013A PD/ Probation and	14,738	
2014 A/B Court Facilities Projects	1,849	
District court Financing Corporation	1,110	
Inland Empire Tobacco Securitization	19,571	
Public Financing Authority	12,013	71,540
Total Governmental Activities		**786,113**
Business-type Activities		
Housing Authority		17,636
Other Enterprise Funds Restricted Program Money - Flood		2,963
Regional Medical Center		
Hospital bonds	39,783	
Restricted program money	863	40,646
Waste Resources		
Remediation costs	29,882	
Closure and post-closure care costs	30,183	
Customer deposits	477	
Deferred revenue	589	
Deposit payable	38	
Deferred inflow or resources	7,528	68,697
Total Business-type Activities		**129,942**
Discretely Presented Component Unit		
Palm Desert Financing Authority Investments		11,387
Total Discretely Presented Component Unit		**11,387**
Total Restricted Cash and Investments		**$ 927,442**

NOTE 6 – RECEIVABLES

Receivables at year-end of major individual funds, nonmajor funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows (In thousands):

Receivables **Governmental activities:**	Accounts	Interest	Taxes	Due From Other Govts	Total Governmental Activities
General fund	$ 10,846	$ 785	$ 9,243	$ 317,901	$ 338,775
Transportation	440	43	13	7,729	8,225
Flood Control	519	111	993	607	2,230
Teeter debt service	-	13	60,410	-	60,423
Public facilities improvements	2,800	68	-	965	3,833
Nonmajor governmental funds	2,203	89	1,251	9,816	13,359
Internal service funds	9,393	90	-	526	10,009
Total receivables	$ 26,201	$ 1,199	$ 71,910	$ 337,544	$ 436,854

Receivables **Business-type activities:**	Accounts	Interest	Taxes	Loans	Due From Other Govts	Allowance for uncollectibles	Total Business-type Activities
Regional Medical Center	$ 550,533	$ -	$ -	$ -	$ 66,972	$ (493,431)	$ 124,074
Waste Resources	4,958	65	-	5,000	55	-	10,078
Housing Authority	204,291	-	-	84,968	1,338	(204,246)	86,351
Nonmajor funds	267	5	11	-	10	-	293
Total receivables	$ 760,049	$ 70	$ 11	$ 89,968	$ 68,375	$ (697,677)	$ 220,796

NOTE 7 – INTERFUND TRANSACTIONS

(a) Interfund Receivables/ Payables

The composition of interfund balances as of June 30, 2015 is as follows (In thousands):

Due to/from other funds:

	Receivable Fund			
Payable Fund	General Fund	Transportation	Teeter Debt Service	Other Governmental Funds
General Fund				
Delinquent property tax	$ -	$ -	$ 35	$ -
Operating contribution	-	-	-	-
Interfund activity	-	11	-	210
Total general fund	-	-	-	-
Transportation				
Interfund activity	65	-	-	-
Total transportation	-	-	-	-
Flood Control				
Interfund activity	-	-	-	-
Total Flood Control	-	-	-	-
Teeter Debt Service				
Interfund activity	8,725	-	-	-
Total teeter debt service	-	-	-	-
Public Facilities Improvements Capital Projects				
Interfund activity	1	-	-	-
Total public facilities imprv cap prog	-	-	-	-
Other Governmental Funds				
Capital projects	298	280	-	-
Interfund activity	-	119	-	9
Total other governmental funds	-	-	-	-
Regional Medical Center				
Interfund activity	10	-	-	-
Law Enforcement	421	-	-	-
Total Regional Medical Center	-	-	-	-
Waste Resources				
Landfill lease	2,137	-	-	-
Total Waste Resources	-	-	-	-
Housing Authority				
Interfund activity	35	-	-	-
Total Housing Authority	-	-	-	-
Other Enterprise Funds				
Interfund activity	-	-	-	-
Total other enterprise funds	-	-	-	-
Internal Service Funds				
Interfund activity	162	-	-	-
Total internal service funds	-	-	-	-
Total Receivable	$ 11,854	$ 410	$ 35	$ 219

These interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) payments between funds are made

Advances to/from other funds:

The General Fund advanced $3.3 million to the Economic Development Agency for the internal service fund start up costs. The General Fund advanced Housing Authority $1.6 million to pay off the principal and interest on predevelopment loans. The General Fund advanced $2.5 million to Riverside County Information Technology for technology initiative costs.

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

(a) Interfund Receivables/ Payables (Continued)

Receivable Fund				
Regional Medical Center	Other Enterprise Funds	Internal Service Funds	Total Payable	
				General Fund
$ -	$ -	$ -	$ 35	Delinquent property tax
1,893	-	-	1,893	Operating contribution
-	-	23	244	Interfund activity
-	-	-	2,172	**Total general fund**
				Transportation
-	-	3	68	Interfund activity
-	-	-	68	**Total transportation**
				Flood Control
-	-	86	86	Interfund activity
-	-	-	86	**Total Flood Control**
				Teeter Debt Service
-	-	-	8,725	Interfund activity
-	-	-	8,725	**Total teeter debt service**
				Public Facilities Improvements Capital Projects
-	-	-	1	Interfund activity
-	-	-	1	**Total public facilities imprv cap prog**
				Other Governmental Funds
-	-	-	578	Capital projects
-	-	-	128	Interfund activity
-	-	-	706	**Total other governmental funds**
				Regional Medical Center
-	-	-	10	Interfund activity
-	-	-	421	Law Enforcement
-	-	-	431	**Total Regional Medical Center**
				Waste Resources
-	-	-	2,137	Landfill lease
-	-	-	2,137	**Total Waste Resources**
				Housing Authority
-	-	-	35	Interfund activity
-	-	-	35	**Total Housing Authority**
				Other Enterprise Funds
-	2	-	2	Interfund activity
-	-	-	2	**Total other enterprise funds**
				Internal Service Funds
-	-	5	167	Interfund activity
-	-	-	167	**Total internal service funds**
$ 1,893	$ 2	$ 117	$ 14,530	**Total Receivable**

Advances to/from other funds (Continued):

Workers compensation fund advanced $2.0 million to Public Facilities Capital Project Improvement Fund for East County Detention Center (ECDC).

Waste Resources advance $4.0 million to Public Facilities Capital Project Improvement Fund for ECDC.

Waste Resources advanced $25.9 million to Regional Medical Center for Huron Consulting Services.

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

Transfers

(b) Between Funds within the Governmental Activities:[1]

	Transfers In				
Transfer-Out	General Fund	Transportation	Flood Control	Teeter Debt Service	Public Facilities Improvements Capital Projects
General Fund					
Capital projects	$ -	$ -	$ -	$ -	$ 8,693
Debt service	-	-	-	2,362	-
Operating contribution	-	1,649	-	-	-
Other transfers	-	1,834	-	-	-
Pension obligation	-	-	-	-	-
Total general fund	-	-	-	-	-
Transportation					
Capital projects	-	-	-	-	469
Other transfers	2,243	56	-	-	-
Pension obligation	-	-	-	-	-
Total transportation	-	-	-	-	-
Flood Control					
Operating contribution	-	-	-	-	-
Pension obligation	-	-	-		-
Total Flood Control	-	-	-	-	-
Teeter Debt Service					
Debt service	80	-	-	-	-
Total teeter debt service	-	-	-	-	-
Public Facilities Improvements Capital Projects					
Capital projects	26,224	6,065	-	-	-
Other transfers	-	-	-	-	-
Total public facilities imprv cap prog	-	-	-	-	-
Other Governmental Funds					
Capital projects	-	244	-	-	499
Debt service	1,061	-	-	-	-
Fire	48,714	-	-	-	-
Other transfers	7,553	2,529	-	-	-
Operating contribution	1,207	-	-	-	-
Pension obligation	168	-	-	-	-
Total other governmental funds	-	-	-	-	-
Regional Medical Center					
Pension obligation	-	-	-	-	-
Total Regional Medical Center	-	-	-	-	-
Waste Resources					
Pension obligation	-	-	-	-	-
Total Waste Resources	-	-	-	-	-
Housing Authority					
Pension obligation	-	-	-	-	-
Total Housing Authority	-	-	-	-	-
Internal Service Funds					
Business Services	-	-	-	-	-
Operating contribution	674	-	429	-	-
Pension obligation	-	-	-	-	-
Total internal service funds	-	-	-	-	-
Total transfers in	$ 87,924	$ 12,377	$ 429	$ 2,362	$ 9,661

1) These transfers were eliminated in the consolidation, by column, for the Governmental and Business-type Activities.

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

Transfers (Continued)

(b) Between Governmental and Business-type Activities:

Transfers In						
Public Financing Authority	Other Governmental Funds	Regional Medical Center	Other Enterprise Funds	Internal Service Funds	Total Transfers Out	
						General Fund
$ -	$ -	$ -	$ -	$ -	$ 8,693	Capital projects
-	44,198	-	-	-	46,560	Debt service
-	5,590	11,364	-	484	19,087	Operating contribution
-	3,107	-	-	-	4,941	Other transfers
-	24,273	-	-	-	24,273	Pension obligation
-	-	-	-	-	103,554	**Total general fund**
						Transportation
-	-	-	-	-	469	Capital projects
-	92	-	-	-	2,391	Other transfers
-	942	-	-	-	942	Pension obligation
-	-	-	-	-	3,802	**Total transportation**
						Flood Control
-	-	-	-	159	159	Operating contribution
-	2	-	-	-	2	Pension obligation
-	-	-	-	-	161	**Total Flood Control**
						Teeter Debt Service
-	-	-	-	-	80	Debt service
-	-	-	-	-	80	**Total teeter debt service**
						Public Facilities Improvements Capital Projects
-	140	5,000	-	15	37,444	Capital projects
-	15	-	-	-	15	Other transfers
-	-	-	-	-	37,459	**Total public facilities imprv cap prog**
						Other Governmental Funds
339,735	9	-	-	-	340,487	Capital projects
-	1,577	-	-	-	2,638	Debt service
-	-	-	-	-	48,714	Fire
-	9,006	-	-	-	19,088	Other transfers
-	1,401	-	-	-	2,608	Operating contribution
-	609	-	-	-	777	Pension obligation
-	-	-	-	-	414,312	**Total other governmental funds**
				-		Regional Medical Center
-	4,662	-	-	-	4,662	Pension obligation
-	-	-	-	-	4,662	**Total Regional Medical Center**
						Waste Resources
-	262	-	-	-	262	Pension obligation
-	-	-	-	-	262	**Total Waste Resources**
						Housing Authority
-	191	-	-	-	191	Pension obligation
-	-	-	-	-	191	**Total Housing Authority**
						Internal Service Funds
-	-	-	-	2,746	2,746	Business Services
-	-	-	1	-	1,104	Operating contribution
-	2,219	-	-	-	2,219	Pension obligation
-	-	-	-	-	6,069	**Total internal service funds**
$ 339,735	$ 98,295	$ 16,364	$ 1	$ 3,404	$ 570,552	**Total transfers in**

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows (In thousands):

	Balance July 1, 2014	Prior Period Adjustments	Additions	Retirements	Transfers	Balance June 30, 2015
Governmental activities:						
Capital assets, not being depreciated:						
Land & easements	$ 507,989	$ -	$ 24,521	$ (3,177)	$ 552	$ 529,885
Construction in progress	875,531	-	201,446	(4,952)	(314,805)	757,220
Total capital assets, not being depreciated	1,383,520	-	225,967	(8,129)	(314,253)	1,287,105
Capital assets, being depreciated:						
Infrastructure						
Flood channels	259,922	-	498	-	6,420	266,840
Flood storm drains	397,959	-	15,909	-	9,873	423,741
Flood dams and basins	33,968	-	-	-	-	33,968
Roads	1,675,035	-	39,932	-	172,028	1,886,995
Traffic signals	18,973	-	-	-	19,140	38,113
Bridges	105,500	-	404	-	96,910	202,814
Runways	24,179	-	-	-	-	24,179
Communication towers	16,146	-	-	-	-	16,146
Parks trails and improvements	12,287	-	-	-	3,275	15,562
Land improvements	110	-	-	-	-	110
Structures and improvements	1,529,034	-	70,866	(14,001)	6,599	1,592,498
Equipment	505,487	-	58,358	(39,080)	16	524,781
Total capital assets, being depreciated	4,578,600	-	185,967	(53,081)	314,261	5,025,747
Less accumulated depreciation for:						
Infrastructure	(1,124,954)	-	(96,527)	-	-	(1,221,481)
Land improvements	(24)	-	(1)	-	-	(25)
Structures and improvements	(399,382)	-	(33,915)	8,831	-	(424,466)
Equipment	(313,365)	-	(35,233)	37,379	(4)	(311,223)
Total accumulated depreciation	(1,837,725)	-	(165,676)	46,210	(4)	(1,957,195)
Total capital assets, being depreciated, net	2,740,875	-	20,291	(6,871)	314,257	3,068,552
Governmental activities capital assets, net	$ 4,124,395	$ -	$ 246,258	$ (15,000)	$ 4	$ 4,355,657

NOTE 8 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2015 was as follows (In thousands):

	Balance July 1, 2014	Prior Period Adjustments	Additions	Retirements	Transfers	Balance June 30, 2015
Business-type activities:						
Capital assets, not being depreciated:						
Land & easements	$ 25,777	$ -	$ -	$ (1,418)	$ -	$ 24,359
Construction in progress	52,528	-	14,017	(644)	(437)	65,464
Concession arrangements	8,830	-	-	-	-	8,830
Total capital assets, not being depreciated	87,135	-	14,017	(2,062)	(437)	98,653
Capital assets, being depreciated:						
Land improvements	11,662	-	-	-	-	11,662
Infrastructure-landfill liners	67,050	-	6	-	-	67,056
Infrastructure-other	24,632	-	93	(180)	437	24,982
Structures and improvements	223,670	-	-	(72)	-	223,598
Equipment	107,171	-	9,257	(1,405)	(8)	115,015
Total capital assets, being depreciated	434,185	-	9,356	(1,657)	429	442,313
Less accumulated depreciation for:						
Land improvements	(9,164)	-	(582)	-	-	(9,746)
Infrastructure-landfill liners	(29,388)	-	(3,144)	-	-	(32,532)
Infrastructure-other	(9,358)	-	(1,149)	163	-	(10,344)
Structures and improvements	(104,878)	-	(6,087)	13	-	(110,952)
Equipment	(73,054)	-	(12,293)	1,326	4	(84,017)
Total accumulated depreciation	(225,842)	-	(23,255)	1,502	4	(247,591)
Total capital assets, being depreciated, net	208,343	-	(13,899)	(155)	433	194,722
Business-type activities capital assets, net	$ 295,478	$ -	$ 118	$ (2,217)	$ (4)	$ 293,375

Depreciation

Depreciation expense was charged to governmental functions as follows (In thousands):

General government	$ 36,132
Public protection	9,843
Health and sanitation	1,306
Public assistance	744
Public ways and facilities	98,102
Recreation and culture	1,144
Education	3,441
Depreciation on capital assets held by the County's internal service funds is charged to the various functions based on their use of the assets	14,964
Total depreciation expense – governmental functions	$ 165,676

NOTE 8 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to the business-type functions as follows (In thousands):

Regional Medical Center	$ 16,113
Waste Resources	5,723
Housing Authority	1,413
County Service Areas	3
Flood Control	3
Total depreciation expense – business-type functions	$ 23,255

Capital Leases

Leased property under capital leases by major class (In thousands):

	Governmental	Business-type
Land	$ 2,223	$ -
Structures and improvements	132,887	-
Equipment	99,892	14,816
Less: Accumulated amortization	(46,148)	(8,994)
Total leased property, net	$ 188,854	$ 5,822

Discretely Presented Component Unit

Activity for the Riverside County Children and Families Commission for the year ended June 30, 2015 was as follows (In thousands):

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	$ 373	$ -	$ -	$ 373
Construction in progress	19	(19)	-	-
Total capital assets, not being depreciated	392	(19)	-	373
Capital assets, being depreciated				
Building and improvements	1,868	30	-	1,898
Machinery and equipment	55	47	(13)	89
Total capital assets, being depreciated	1,923	77	(13)	1,987
Less accumulated depreciation for:				
Building and improvements	(7)	(108)	-	(115)
Machinery and equipment	(46)	51	13	18
Total accumulated depreciation	(53)	(57)	13	(97)
Total capital assets, being depreciated, net	1,870	20	-	1,890
Total capital assets, net	$ 2,262	$ 1	$ -	$ 2,263

NOTE 9 – SERVICE CONCESSION ARRANGEMENTS (SCA)

GASB Statement No. 60, *Accounting and Financial Reporting for Service* Concession *Arrangements (SCA)* defines an SCA as a type of public-private or public-public partnership. As used in GASB Statement No. 60, an SCA is an arrangement between a government (the transferor) and an operator in which all of the following criteria are met*:*

a) The transferor conveys to the operator the right and related obligation to provide public service through the use and operation of a capital assets (referred to in the statement as a “facility”) in exchange for significant consideration, such as an up-front payment, installment payments, a new facility, or improvements to an existing facility.
b) The operator collects and is compensated by fees from third parties.
c) The transferor determines or has the ability to modify or approve what 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.

The County has determined that the following arrangements meet the criteria set forth above (where the County is the transferor) and therefore included these SCA in the County’s financial statements. GASB Statement No. 60 also provides guidance on accounting treatment if the County were acting as an operator of another government’s facility. The County has determined that there are no incidences where the County would qualify as such an operator.

McIntyre Park Campground

On October 15, 1985, and as later amended, the Park District (the Park) entered into an agreement with California East Coast, Inc. (the Company), under which the Company will operate and collect user fees from a campground, camp store, boat launch and recovery ramp, day-use area and marina fuel station through a lease with the Park at McIntyre County Park through the year 2047. The Company will pay the Park between ten and seventeen percent of the revenues it earns from the operation of the campground. The Company is required to operate and maintain the campground in accordance with the Lease Contract. The Park reports the campground as a capital asset with a carrying amount of $51.6 thousand at year-end. The Park has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The Park also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability.

Riviera RV Resort

On or about January 1, 1970, and as later amended, the County and later the Park entered into an agreement with Cavan Inc., now Destiny RV, LLC who assigned its lease rights to Riviera-Reynolds (the Company). Under the terms of the agreement, the Company is permitted to engage in the operation of a travel trailer park, rental of spaces in the park, food service operations including a grocery store, boat launching ramp and other associated camping functions through June 2044. The Company will pay the Park the greater of $3.0 hundred or seven percent of gross receipts earned from operation of the RV Park. The Park reports the RV Park as a capital asset with a carrying amount of $131.4 thousand at year-end. The Park has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The Park also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability.

Lake Skinner Recreation Area

On or about November 2007, the Park entered into an agreement with Pyramid Enterprise, Inc. d.b.a. Rocky Mountain Recreation Company of Piru, California (the Company) to sublease its rights to Lake Skinner Recreation Area Concessionaire. Under the provisions of the agreement, the Company is permitted to engage in the operation of a marina, camp store, cafe, parking lots, laundry facility, fueling station, and bike shop. The monthly payment from the Company to the District will be the greater of the combination of 7% of all retail gross sales, 9% of all rental gross sales, and 2% of all fuel gross sales or $2.5 thousand. The Park has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The Park also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability. The term of the agreement is 10 years, renewable in 5 year increments.

NOTE 9 – SERVICE CONCESSION ARRANGEMENTS (SCA) (Continued)

Edom Hill Transfer Station

On November 2, 2002, the Department of Waste Resources entered into a 30-year agreement with Burrtec Recovery and Transfer LLC (Burrtec), under which Burrtec has the rights to construct the Edom Hill Transfer Station in order to serve the traditional users/wasteshed of the closed Edom Hill Landfill and operate the transfer station.

A summary of the important details and capital assets pertaining to the SCA are described below. (In thousands)

	Date SCA Entered Into	Term of SCA	Expiration of SCA	Revenue Sharing	Minimum Rent Payment (per month)
McIntyre Park Campground	10/15/1985	62 years	10/15/2047	Between 10.0% and 17.0% of the revenues it earns from the operation of the campground.	$ -
Riviera RV Resort	1/1/1970	74 years	6/30/2044	Greater of $3 hundred or 7.0% of gross receipts earned from operation of the RV park.	-
Lake Skinner Recreation Area	11/1/2007	10 years	10/31/2017	Greater of the combination of 7% of all retail gross sales, 9% of all rental gross sales, and 2% of all fuel gross sales or $2.5 thousand.	-
Edom Hill Transfer Station	11/2/2002	30 years	11/2/2032	Service Fee ranging from $4.41 to $4.13 per ton, Disposal fee of $23.00 per ton, and City Mitigation Fee of $1 per ton for all incoming solid waste	-
					$ -

Capital assets balance for the SCA for the fiscal year-ended June 30, 2015, and over the term of the agreement are as follows: (In thousands)

	Structures & Structure Improvements
McIntyre Park Campground	$ 52
Riviera RV Resort	131
Lake Skinner Recreation Area	-
Edom Hill Transfer Station	8,830
	$ 9,013

NOTE 9 – SERVICE CONCESSION ARRANGEMENTS (SCA) (Continued)

The deferred inflows of resources activity for the SCA for the year ended June 30, 2015 are as follows: (In thousands)

SCA Capital Assets	**Balance July 1, 2014**	**Additions/ Restatements**	**Amortization**[1]	**Balance June 30, 2015**
McIntyre Park Campground[2]	$ -	$ -	$ -	$ -
Riviera RV Resort[2]	-	-	-	-
Lake Skinner Recreation Area[2]	-	-	-	-
Edom Hill Transfer Station	7,962	-	(434)	7,528
Total Deferred inflows	$ 7,962	$ -	$ (434)	$ 7,528

[1] Amortization calculate using straight-line method for the term of the agreement for the SCA

[2] No upfront payments received or installment payments that are required to be reported as a deferred inflow of resources

NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require Waste Resources 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. Waste Resources will recognize the remaining estimated cost of $13.0 million as the remaining estimated capacity of 13.5 million tons is filled. Waste Resources expect all currently permitted landfill capacities to be filled by 2098. The total estimate closure liability of $37.3 million and post-closure care cost of $25.2 million is based on what it would cost to perform all closure and post-closure care costs at present value. Actual costs may be different due to inflation, changes in technology, or changes in regulations.

In addition to the liability amounts calculated per CalRecycle regulations that are designated to the Escrow Funds, Waste Resources is also responsible for the post-closure costs related to twenty-six (26) other landfill sites that have been inactive or closed since before 1988. Liability for these sites fluctuates dependent on the needs of each site and changes to or the implementation of laws and regulations. As of June 30, 2015 the post-closure liability is estimated at $31.3 million.

Cumulative expenses, percentage of landfill capacity used to date, and the estimated remaining landfill life by operating landfill are as follows (In thousands):

Closure Escrow Fund Landfill Sites

Facility Name (City)	Total Estimate	Capacity Used as of June 30, 2015 %	Outstanding Recongized Liability	Estimated Years Remaining
Badlands (Moreno Valley)	$ 8,298	65.6	$ 5,442	10
Blythe (Blythe)	6,113	37.6	2,300	33
Edom Hill (Cathedral City)	5,360	100.0	5,360	-
Lamb Canyon (Beaumont)	15,567	60.5	9,417	7
Desert Center (Desert Center)	388	69.6	270	73
Mecca II (Mecca)	849	98.8	838	23
Oasis (Oasis)	703	93.0	654	49
Total Closure Estimate	$ 37,278		$ 24,281	

NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS (Continued)

Post-Closure Escrow Fund Landfill Sites

Facility Name (City)	Estimated Liability
Badlands (Moreno Valley)	$ 4,721
Blythe (Blythe)	2,305
Coachella (Coachella)	1,363
Double Butte (Winchester)	2,080
Edom Hill (Cathedral City)	2,555
Highgrove (Riverside)	1,703
Lamb Canyon (Beaumont)	3,856
Mead Valley (Perris)	1,324
Anza (Anza)	1,548
Desert Center (Desert Center)	1,194
Mecca II (Mecca)	1,302
Oasis (Oasis)	1,252
Total Post-Closure Estimate	$ 25,203

Waste Resources is required by state and federal laws and regulations to make annual contributions to a trust fund to finance closure and post-closure care. Title 27 of the California Code of Regulations (CCR) requires solid waste landfill operators to demonstrate the availability of financial resources to conduct closure and post-closure maintenance activities. Waste Resources expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional closure and post-closure requirements are determined (due to changes in technology or applicable laws or regulations); these costs may need to be covered by charges to future landfill users.

In accordance with sections 22228 and 22245 of the CCR, the County has implemented Pledge of Revenue agreements between the County and the California Department of Resources, Recycling and Recovery (CalRecycle) for six active landfills and six closed landfills to demonstrate financial responsibility for post-closure maintenance costs. Waste Resources has determined that the projected net revenues, after current operating costs, from tipping fees during the 30 year period of post-closure care maintenance will, during each year of this period, be greater than the yearly monitoring and post-closure care maintenance costs for each landfill. It is agreed that the amount of these Pledge of Revenue agreements may increase or decrease to match any adjustments to the identified cost estimates, which is mutually agreed to by the Waste Resources and the CalRecycle.

NOTE 11 – OPERATING LEASES

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2015. (In thousands):

Year Ending June 30	
2016	$ 39,928
2017	35,423
2018	24,083
2019	17,893
2020	14,310
2021-2025	44,662
2026-2030	1,308
2031-2035	1,401
2036-2040	956
2041-2044	451
Total Minimum Payments	$ 180,415

Total rental expenditure/expense for the year ended June 30, 2015 was $102.8 million, of which $5.9 million was recorded in the enterprise funds.

NOTE 12 – ADVANCES FROM GRANTORS AND THIRD PARTIES

Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when earned. Therefore, the government-wide statement of net position as well as governmental and enterprise funds defer revenue recognition in connection with resources that have been received as of year-end, but not yet earned. Assets recognized in connection with a transaction before the earnings process is complete are offset by a corresponding liability for advances from grantors and third parties.

The balance as of June 30, 2015 of advances from grantors and third parties are as follows (In thousands):

	Balance June 30, 2015
General Fund:	
Advances on state and federal grants for mental health services	$ 112,364
Advances on state funding for social services	83,807
Advances on state grants for probation services	41,894
Advances on state grants and other 3rd party advances for public health services	14,151
Advances on state and federal grants for sheriff services	13,005
Advances on state grants and other 3rd party advances for environmental health services	1,870
Advances on state grants for district attorney services	1,240
Advances from flood control and water conservation district for permits	752
Other advances	193
Total general fund	269,276
Transportation Special Revenue Fund:	
Developer fees	7,642
Advances from developers for median projects	4,971
Mitigation fees	1,162
Survey fees	973
Utility relocation	318
Deposit based fees	259
Senate Bill (SB) 621 Indian gaming	98
Total transportation special revenue fund	15,423
Flood Special Revenue Fund:	
Advances for flood control projects	545
Total flood special revenue fund	545
Public Facilities Improvements Capital Projects Fund:	
Advance for construction of law building	51
Total public facilities improvements capital projects fund	51
Other Governmental Funds:	
Camping and recreation fees	728
Advance from state for community service block grant	409
Advance from state for the community recidivism reduction grant program	500
Advance from 3rd parties for recreational events	13
Advance for the Regional Access Project	23
Advance from state for bio-terrorism programs	351
Advances for aviation projects	10
Total other governmental funds	2,034
Grand total of advances from grantors and third parties	$ 287,329

NOTE 13 – SHORT-TERM DEBT

Tax and Revenue Anticipation Notes (TRANs)

In July 1, 2014, the County issued $250.0 million of tax exempt TRAN, which were repaid by June 30, 2015. The notes were issued with a yield rate of 0.12% and a stated interest rate of 1.5%. The notes were issued to provide needed cash to cover the projected intra-period cash-flow deficits of the County's general fund during the fiscal year July 1 through June 30.

Taxable and Tax-Exempt Commercial Paper Notes (Teeter)

In December 1993, the County adopted the teeter plan, the alternative method for the distribution of secured property taxes and other assessments. In order to fulfill the requirements of the plan, the County obtained cash for the "buyout" of delinquent secured property taxes and the annual advance of current unpaid taxes to all entities that elected to participate in the teeter plan. The current financing takes place through the sale of commercial paper notes (teeter notes). During fiscal year 2014-15, the County retired $119.5 million and issued $100.7 million, 2014 series D teeter obligation notes (tax-exempt), and $8.2 thousand, 2014 series E teeter obligation notes (taxable), leaving an outstanding balance of $101.5 million at June 30, 2015.

Short-term debt activity for the year ended June 30, 2015, was as follows (In thousands):

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015
TRANs	$ -	$ 250,000	$ (250,000)	$ -
Teeter notes	119,462	101,520	(119,462)	101,520
Total	$ 119,462	$ 351,520	$ (369,462)	$ 101,520

NOTE 14 – LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of capital lease obligations, bonds, notes, and other liabilities that are payable from the general, debt service, enterprise, and internal service funds. The calculated legal debt limit for the County is $2.9 billion.

Capital Leases

Capital leases for governmental funds are recorded both as capital expenditures and as other financing sources at inception in the fund financial statements, with the liability and the asset recorded in the government-wide statement of net position. Capital leases are secured by a pledge of the leased equipment.

See Note 8 (Capital Assets) for assets under capital leases and related disclosure information by major asset class.

The following is a schedule by year of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2015 (In thousands):

Year Ending June 30	Palm Desert Financing Authority	Other Governmental Activities	Total Governmental Activities	Business-type Activities
2016	$ 6,308	$ 24,005	$ 30,313	$ 1,885
2017	6,314	19,181	25,495	1,498
2018	6,311	16,658	22,969	1,234
2019	6,310	13,217	19,527	1,075
2020	6,309	10,743	17,052	486
2021-2025	12,616	17,654	30,270	-
2026-2030	-	15,827	15,827	-
2031-2035	-	15,414	15,414	-
2036-2040	-	15,325	15,325	-
2041-2045	-	15,247	15,247	-
Total minimum payments	44,168	163,271	207,439	6,178
Less amount representing interest	(8,809)	(51,352)	(60,161)	(300)
Present value of minimum lease payments	$ 35,359	$ 111,919	$ 147,278	$ 5,878

The statement of net position includes the PDFA capital lease of $35.3 million for the construction and acquisition of certain public facilities within the County, including the Palm Desert Sheriff's Station, community centers, the Blythe County Administrative Center, an animal shelter and a clinic facility.

The following schedules provide details of all certificates of participation, bonds payable, and notes payable for the County that are outstanding as of June 30, 2015 (In thousands):

Type of Indebtedness	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding at June 30, 2015
Governmental activities:				
Certificate of participations				
CORAL				
1990 Monterey Avenue: Serial Certificates	$ 8,800	Variable	2020	$ 3,900
2005A - Capital Improvement & Family Law Court Refunding: Serial Certificates	28,495	3.00% - 5.00%	2025	19,183
2005A - Capital Improvement & Family Law				

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Type of Indebtedness	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding at June 30, 2015
Certificate of Participation (Continued)				
2005A - Capital Improvement & Family Law Court Refunding: Term Certificate	$ 13,265	5.00%	2036	$ 13,265
2005B - Historic Courthouse Refunding: Serial Certificates	18,835	3.00% - 5.00%	2025	13,109
2005B - Historic Courthouse Refunding: Term Certificates	3,775	5.00%	2027	3,775
2006 Series A - Capital Improvement Project: Serial Certificates	16,425	3.75% - 5.13%	2026	11,817
2006 Series A - Capital Improvement Project: Term Certificates	7,130	4.75%	2031	7,130
2006 Series A - Capital Improvement Project: Term Certificates	7,050	5.00%	2035	7,050
2006 Series A - Capital Improvement Project: Term Certificates	4,070	4.63%	2037	4,070
2007 Series A - Public Safety Communication and Refunding Projects	73,775	4.00% - 5.00%	2017	31,258
2009 Series A - Public Safety Communication and Woodcrest Library Refunding Projects	45,685	Variable	2039	43,961
2009 Larson Justice Center Refunding: Serial Certificates	24,680	2.00% - 5.00%	2021	17,337
Total CORAL	261,890			185,760
District Court Financing Corporation				
U.S. District Court Project: Term/Series 1999	2,165	7.59%	2017	2,165
U.S. District Court Project: Term/Series 2002	925	3.00%	2020	340
Total District Court Financing Corporation	3,090			2,505
Flood Control				
Zone 4 - 2015 Negotiable Promissory Note	21,000	2.00% - 5.00%	2025	23,423
Total Flood Control	21,000			23,423
Total certificate of participations	$ 285,980			$ 211,688
Bonds payable				
CORAL				
2012 CAC Annex Refunding Project	$ 33,360	2.00% - 5.00%	2031	$ 32,030
2008 A Southwest Justice Center: Term Certificate	78,895	5.16%	2032	76,415
1997 B & C (Hospital): Term Bonds (Series C)	1,733	5.81%	2019	1,733
2013 Probation & RCIT: Term Bonds (Series A)	66,015	3.00% - 5.25%	2043	65,523
2014 Lease Refunding Court Facilities Project, Series A	10,890	2.00% - 5.00%	2033	9,651
2015 Lease Refunding Court Facilities Project, Series B	7,605	0.55% - 2.73%	2019	7,605
Total CORAL	198,498			192,957

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Type of Indebtedness	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding at June 30, 2015
Bonds payable (continued)				
Taxable Pension Obligation Bonds				
Pension Obligation Bonds (Series 2005-A)	$ 400,000	4.91% - 5.04%	2035	$ 320,470
Total Taxable Pension Obligation Bonds	400,000			320,470
Inland Empire Tobacco Securitization Authority				
Series 2007 A	87,650	5.10%	2021	54,820
Series 2007 B	53,758	5.75%	2026	53,758
Series 2007 C-1	53,542	6.63%	2036	53,542
Series 2007 C-2	29,653	6.75%	2045	29,653
Series 2007 D	23,457	7.00%	2057	23,457
Series 2007 E	18,948	7.63%	2057	18,948
Series 2007 F	27,076	8.00%	2057	27,076
Total Inland Empire Tobacco Securitization Authority	294,084			261,254
Riverside County Public Financing Authority				
Series 2012	17,640	3.00% - 5.00%	2021	15,540
Series 2015	325,000	2.00% - 5.00%	2046	351,276
Total Riverside County Public Financing Authority	342,640			366,816
Total bonds payable	$ 1,235,222			$ 1,141,497
Loans payable				
CORAL				
2011 Monroe Park Building Refunding	$ 5,535	3.54%	2021	$ 3,350
Total 2011 Monroe Park Building Refunding	5,535			3,350
Total loans payable	$ 5,535			$ 3,350
Total governmental activities	$ 1,526,737			$ 1,356,535
Bonds payable				
Regional Medical Center				
1997 A Serial Capital Appreciation Bonds (net of future capital appreciation of $130.5 million)	$ 41,170	5.70% - 6.01%	2026	$ 33,895
1997 Term bond (Series C)	1,532	5.81%	2019	1,087
2012 Term bond (Series A)	87,010	2.00% - 5.00%	2029	81,297
2012 Term bond (Series B)	3,020	3.25%	2019	2,908
Total Regional Medical Center	132,732			119,187
Housing Authority				
1998 Series A: Term Bonds	2,405	6.85%	2018	730
Total Housing Authority	2,405			730
Total bonds payable	$ 135,137			$ 119,917
Total business-type activities	$ 135,137			$ 119,917

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Type of Indebtedness	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding at June 30, 2015
Discretely Presented Component Unit:				
Bonds payable				
Palm Desert Financing Authority				
2008 Lease Revenue Bond Series A	$ 72,445	4.00% - 6.20%	2022	$ 45,937
Total Palm Desert Financing Authority	72,445			45,937
Total bonds payable	$ 72,445			$ 45,937
Total discretely presented component unit	$ 72,445			$ 45,937

As of June 30, 2015, annual debt service requirements of governmental activities to maturity are as follows (In thousands):

Governmental	Loans Payable		Certificates of Participation	
Fiscal Year Ending June 30	Principal	Interest	Principal	Interest
2016	$ 560	$ 114	$ 15,988	$ 9,466
2017	585	94	18,421	8,675
2018	605	73	19,272	8,305
2019	620	51	21,006	7,214
2020	650	29	21,953	6,073
2021-2025	330	6	57,575	19,063
2026-2030	-	-	23,275	10,413
2031-2035	-	-	19,875	5,543
2036-2040	-	-	12,705	868
Total requirements	3,350	367	210,070	75,620
Bond discount/premium, net	-	-	3,825	-
Loss on refunding	-	-	(2,207)	-
Total	$ 3,350	$ 367	$ 211,688	$ 75,620

Governmental	Bonds Payable	
Fiscal Year Ending June 30	Principal	Interest
2016	$ 37,045	$ 45,508
2017	40,380	45,494
2018	87,845	43,830
2019	57,098	39,693
2020	45,093	35,498
2021-2025	228,325	147,457
2026-2030	121,410	100,831
2031-2035	134,325	67,732
2036-2040	137,907	44,555
2041-2045	83,345	17,280
2046-2050	69,303	4,009
2051-2055	-	-
2056-2060	69,481	4,671
Total requirements	1,111,557	596,558
Bond discount/premium, net	29,940	-
Total	$ 1,141,497	$ 596,558

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2015, annual debt service requirements of business-type activities to maturity are as follows (In thousands):

Business-type	Bonds Payable		Other Long-term Liabilities	
Fiscal Year Ending June 30	Principal	Interest	Principal	Interest
2016	$ 13,339	$ 6,388	$ -	$ -
2017	13,935	5,922	-	-
2018	15,715	5,317	-	-
2019	11,650	8,082	-	-
2020	4,981	15,769	-	-
2021-2025	20,697	83,055	6,795	-
2026-2030	34,580	19,758	-	-
Total requirements	114,897	144,291	6,795	-
Bond discount/premium, net	5,461	-	-	-
Loss on defeasance, net	(441)	-	-	-
Total	$ 119,917	$ 144,291	$ 6,795	$ -

Discretely Presented Component Unit	Bonds Payable	
Fiscal Year Ending June 30	Principal	Interest
2016	$ 5,580	$ 2,673
2017	5,880	2,380
2018	6,200	2,057
2019	6,540	1,716
2020	6,930	1,324
2021-2022	15,130	1,375
Total requirements	46,260	11,525
Bond discount/premium, net	(323)	-
Total	$ 45,937	$ 11,525

Accreted Interest Payable

The following is a summary of the changes in accreted interest payable for the year ended June 30, 2015 (In thousands):

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015
Governmental Activities:				
Certificates of Participation:				
Court Financing (U.S. District Court Project)	$ 4,516	$ 517	$ -	$ 5,033
Bonds:				
Inland Empire Tobacco Securitization Authority	107,107	17,694	-	124,801
Total governmental-type activities	$ 111,623	$ 18,211	$ -	$ 129,834
Business-type Activities:				
Lease Revenue Bonds:				
Regional Medical Center (1997A Hosp)	$ 62,781	$ 5,928	$ (2,593)	$ 66,116
Total business-type activities	$ 62,781	$ 5,928	$ (2,593)	$ 66,116

The accreted interest payable balances at June 30, 2015 represent accreted interest on the U.S. District Court project, the 2007 Inland Empire Tobacco Securitization Authority Bonds, and the 1997 A Hospital Serial Capital Appreciation Bonds. The original issues were $2.2 million for the U.S. District Court Project, $294.1 million for the 2007 Inland Empire Tobacco Securitization Authority Bonds, and $41.2 million for the 1997 A Hospital Serial Capital Appreciation Bonds. The total accreted value on the bonds and certificates upon maturity will be $7.2 million for the U.S. District Court Project, $171.6 million for the 1997 A Hospital Serial Capital Appreciation Bonds and $3.5 billion for the 2007 Inland Empire Tobacco Securitization Authority Bonds. The County is under no obligation to make payments of accreted value of or redemption premiums, if any, or interest on the Series 2007 Bonds.

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Accreted Interest Payable (Continued)

The increases of $18.2 million and $6.0 million represent current year's accretion for governmental activities and business-type activities, respectively. The accumulated accretion for business-type activities is $66.1 million at June 30, 2015. The accumulated accretion for U.S. District Court Financing and the Authority in governmental activities is $129.8 million. The un-accreted balances at June 30, 2015 are $52.5 million for the 1997-A Hospital RMC project, $2.2 million for the U.S. District Court, and $3.4 billion for the Authority Capital Appreciation Bonds.

Bonds, Certificates of Participation / Refunding

On June 2015, the County Public Financing Authority Lease Revenue Bonds (Capital Facilities Project) issued $325.0 million in lease revenue bonds. The Series 2015 Bonds are being issued to finance certain public improvements, make a deposit to the reserve fund for the Series 2015 Bonds, and pay the costs of issuance of the Series 2015 Bonds. The new bonds have an interest rate of 2.0% to 4.0%.

On June 2015, the County Flood Control issued $21.0 million of zone 4 2015 promissory notes. The notes issued are to fund certain flood control facilities located in zone 4 of the district, including, but not limited to, construction of the Romoland MDP Lina A, stage for zone 4 and certain expenses incidental thereto. The new notes have an interest rate range of 2.0% and 5.0%.

Defeasance of Debt

In April 2005, CORAL issued $22.6 million of certificates of participation, Series B (2005 Series B – Historic Courthouse Refunding). The proceeds from the sale of the certificates were used to advance refund $21.1 million of the 1997 Historic Courthouse certificates of participation. The advance refunding resulted in a loss on refunding of $1.6 million. Accordingly, the refunded certificates have been eliminated and the advance refunding certificates of participation have been included in the financial statements. The amount of the defeased debt outstanding at June 30, 2015, was $591.4 thousand.

On December 2009, CORAL issued $24.7 million of certificates of participation (2009 Larson Justice Center Project Refunding Certificate of Participation) to provide funds to refund and prepay the certificates of participation relating to 1998 Larson Justice Center Project with an outstanding principal amount of $23.7 million; to fund the reserve fund; and to pay certain cost of issuance incurred in connection with this refunding. The requisition price exceeded the net carry amount of the old debt by $1.0 million. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of $3.7 million and a reduction of $1.5 million in future debt service payments.

In December 2009, CORAL also issued $45.7 million of certificates of participation (2009 Public Safety Communication and Woodcrest Library Projects Refunding Certification of Participation) to provide funds to refund and redeem the certificates of participation relating to 2007 Series B Public Safety Communication Project with an outstanding principal amount of $37.4 million; to provide funds to refund; and retire the series 2006 Certificates of Participation Anticipation Note relating to Woodcrest Library Project with an outstanding principal amount of $6.0 million; to fund capitalized interest on a portion of the certificates of participation through July 1, 2012; to fund a security deposit with respect to base rental payable under the sublease; and to pay certain cost of issuance incurred in connection with this refunding. The reacquisition price exceeded the net carry amount of the old debts by $2.3 million. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of $3.3 million and an addition of $6.9 million in future debt service payments.

On February 28, 2011, CORAL issued $5.5 million in private placement bonds (2011 Monroe Building) to provide funds to refund and redeem the notes payable relating to the 2007 Monroe Park Building loan with an outstanding principal amount of $5.4 million and to pay certain cost of issuance incurred in connection with this refunding. The reacquisition price exceeded the net carrying amount of the old debt by $140.0 thousand. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of $527.2 thousand and a reduction of $339.2 thousand in future debt service payments.

On February 2012, CORAL issued $33.4 million in lease revenue bonds (2012 County Administrative Center Refunding Projects) to provide funds to refund and prepay the certificates of participation relating to 2001 County Administrative Center (CAC) Annex with an outstanding principal amount of $31.4 million; to fund the reserve fund, and to pay certain costs of issuance incurred in connection with this refunding and to acquire two office buildings located in Indio, California. The requisition price exceeded the net carry amount of the old debt by $2.0 million. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of $5.0 million and a reduction of $3.6 million in future debt service payments.

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Defeasance of Debt (Continued)

In July 2012, CORAL issued $90.0 million in lease revenue bonds (2012 Series A and Taxable Series B County of Riverside Capital Projects) to provide funds to refund and prepay CORAL's Leasehold Revenue Bonds, 1997 Series B with an outstanding principal amount of $64.4 million; to provide funds ($30.0 million) for improvements to the Medical Center Campus; deposit funds into the debt service reserve fund; and pay certain cost of issuance incurred in connection with this refunding. The refunding resulted in a redemption premium of $639.4 thousand for the 1997 Series B lease revenue bonds and a net premium of $6.9 million for the 2012 Series A and Taxable Series B. The reacquisition price exceeded the net carry amount of the old debt by $26.6 million. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of $8.0 million and a reduction of $7.1 million in future debt service payments.

In June 2014, CORAL issued $18.5 million in lease revenue bonds (2014 A & B Court Facilities Project) to provide funds mainly to refund in the 2003 A Historic Courthouse Projects, 2003 B Capital Facilities Project Refunding, and 2003 Bankruptcy Court Project (a County bond) with a total outstanding principal amount of $20.0 million; and to pay certain cost of issuance incurred in connection with this refunding. The refunding resulted in a premium of $756.0 thousand for the 2014 A and B Court Facilities Project. The reacquisition price exceeded the net carry amount of the old debt by $1.5 million. This amount is being netted against the new debt and amortized over the new debt life. The transaction resulted in an economic gain of $4.2 million and a reduction of $3.3 in future debt service payments.

Single Family and Multi-Family Mortgage Revenue Bonds

Single Family Mortgage Revenue Bonds have been issued to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed single-family residences. The purpose of this program is to provide low interest rate home mortgage loans to persons who are unable to qualify for conventional mortgages at market rates. Multi-Family Mortgage Revenue Bonds are issued to provide permanent financing for apartment projects located in the County to be partially occupied by persons of low or moderate income.

A total of $24.0 million of Mortgage Revenue Bonds have been issued and $20.1 million is outstanding as of June 30, 2015. These bonds do not constitute an indebtedness of the County. The bonds are payable solely from payments made on and secured by a pledge of the acquired mortgage loans and certain funds and other monies held for the benefit of the bondholders pursuant to the bond indentures. In the opinion of the County officials, these bonds are not payable from any revenues or assets of the County, and neither the full faith and credit nor the taxing authority of the County, the State, or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the basic financial statements.

Special Assessment Bonds

Various special districts in the County reporting entity have issued special assessment bonds, totaling $64.9 million at June 30, 2015, to provide financing or improvements benefiting certain property owners. Special assessment bonds consist of Community Facilities District Bonds and Assessment District Bonds.

The County, including its special districts, is not liable for the payment of principal or interest on the bonds, which are obligations solely of the benefited property owners. Certain debt service transactions relating to certain special assessment bonds are accounted for in the agency funds.

The County is not obligated and does not expect to advance any available funds from the County general fund to the Community Facilities Districts or the Assessment Districts for any current or future delinquent debt service obligations. The County Special Districts continue to use all means available to bring current any delinquent special assessment taxes, including workouts, settlement agreements, and foreclosure actions when necessary.

The Flood Control has issued special assessment bonds, totaling $1.3 million as June 30, 2015, for the construction of flood control facilities. The bonds are to be repaid through special assessment revenue and are not considered obligations of Flood Control. In accordance with bond covenants, Flood Control has established a reserve for potential delinquencies. If a delinquency occurs in the payment of any assessment installment, Flood Control has the duty to transfer the amount of such delinquent installment from the reserve fund into the redemption fund assessment installment. Flood Control's liability to advance funds for bond redemption in the event of delinquent assessment installments is limited to the reserves established.

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

State Appellate Court Financing

In November 1997, the Public Finance Authority of the County issued $13.5 million of Lease Revenue Bonds for the State of California Court of Appeal Fourth Appellate District, Division Two Project. The State of California executed a lease coincident with the term of the financing and those lease payments are the sole security for the financing. The State is the ultimate obligor under the terms of the financing and neither the County nor the Authority will have any ongoing payment obligation. The State has committed to indemnify the County in the lease.

Interest Rate Swap

Objective of the Interest Rate Swap: As a means to lower financing costs and to reduce the risks to CORAL associated with the fluctuation in market interest rates, CORAL entered into an amended and restated interest rate swap in connection with the Southwest Justice Center Series 2008 Series A Leasehold Revenue Bonds in the notional amount of $76.3 million. The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed-rate of 5.2%.

Terms: The bonds and the related swap agreement mature on November 1, 2032, and the swap's notional amount of $76.3 million approximately matches a portion of $78.9 million variable-rate bonds. The swap was effective at the same time the bonds were issued on May 24, 2000, and was amended and restated as of December 10, 2008. The interest rate swap agreement was novated in January 2012 to substitute Wells Fargo Bank, N.A. as the new counterparty. The notional value of the swap and the principal amount of the associated debt decline starting in fiscal year 2014-15. Under the amended and restated swap agreement, CORAL pays Wells Fargo Bank, N.A. a fixed payment rate of 5.2%.

CORAL receives an interest rate equal to an amount not to exceed the maximum interest rate payable on the bonds, expressed as a decimal, equal to 64.0% of the monthly London Interbank Offered Rate (LIBOR) in the relevant calculation period. Conversely, the bonds' variable-rate coupons have historically been similar to the Bond Market Association Municipal Swap Index (BMA). Under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the interest rate swap contract qualifies as a derivative financial instrument and a cash flow hedging. CORAL's net cash outflow or payment under the interest rate swap contract was $288.2 thousand for the year ended June 30, 2015

Fair Value: As of June 30, 2015 and 2014, the swap had a negative fair value of $25.4 million and $25.7 million, respectively, an increase in fair value of $1.1 million occurred during the fiscal year 2013-14. The fair value was recorded in the CORAL's statement of net position as interest rate swap liability and deferred outflow in the assets section. Because the coupons on the Southwest Justice Center Series 2008 A Leasehold Revenue Refunding Bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was the quoted market price from Wells Fargo Bank, N.A. at June 30, 2015.

Credit Risks: The swap counterparty was rated Aa3 by Moody's, and AA- by Standard & Poor's and Fitch as of February 2013. The swap agreement specifies that if the long-term senior unsecured debt rating of Wells Fargo, N.A. is withdrawn, suspended or falls below BBB (Standard & Poor) or Baa2 (Moody's), a collateral agreement will be executed within 30 days or the fair value of the swaps will be fully collateralized by the counterparty.

Basis Risks: The swap exposes CORAL to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the bonds. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized. As of June 30, 2015, CORAL's rate was 64.0% of LIBOR, or 0.1%, whereas BMA or the reset rate on bonds was 0.1%. The synthetic rate on the bonds at June 30, 2015 was 5.2%.

Termination Risks: CORAL always has the right to terminate the swap. Wells Fargo Bank, N.A. is limited in so far as both CORAL and the insurer are not performing. The swap may be terminated by CORAL if Wells Fargo Bank, N.A.'s credit quality rating falls below A- as issued by Standard & Poor's or A3 by Moody's. Additionally, the swaps may be terminated by Wells Fargo, N.A. if CORAL's credit quality rating falls below BBB+ as issued by Standard & Poor's or Baa1 as issued by Moody's or if the bonds credit quality ratings fall below BBB+ as issued by Standard & Poor's or Baa1 as issued by Moody's. If the swaps are terminated, the variable rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swaps had negative fair values, CORAL, would be liable to Wells Fargo Bank, N.A. for a payment equal to the swaps' fair values.

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Interest Rate Swap (Continued)

Swap Payment and Associated Debt: Using rates as of June 30, 2015, debt service requirements of the variable-rate debt and net swap payments, *assuming current interest rates remain the same* for their term, were as follows (In thousands):

	Variable Rate Bonds			
Fiscal Year Ending June 30, 2015	Principal	Interest	Net Swap Payments	Total Interest
2016	$ 2,470	$ 1,078	$ 2,781	$ 3,859
2017	2,690	1,040	2,685	3,725
2018	2,895	1,000	2,580	3,580
2019	3,000	958	2,470	3,428
2020	3,205	913	2,354	3,267
2021-2025	15,615	3,786	9,767	13,553
2026-2030	24,715	2,215	5,714	7,929
2031-2034	6,100	382	981	1,363
	$ 60,690	$ 11,372	$ 29,332	$ 40,704

As rates vary, variable-rate bond interest payments and net swap payments will vary.

Changes in long-term liabilities

The following is a summary of governmental activities long-term liabilities transactions for the year ended June 30, 2015 (In thousands):

	Balance June 30, 2014	New Additions	Payments / Reclass	Balance June 30, 2015	Amounts Due Within One Year
Governmental activities:					
Debt long-term liabilities:					
Bonds payable	$ 814,257	$ 351,276	$ (24,036)	$ 1,141,497	$ 37,045
Capital lease obligations	79,822	88,158	(20,702)	147,278	25,047
Certificates of participation	239,988	23,423	(51,723)	211,688	15,988
Loans payable	3,890	-	(540)	3,350	560
Total debt long-term liabilities	1,137,957	462,857	(97,001)	1,503,813	78,640
Other long-term liabilities:					
Accreted interest payable	111,623	18,211	-	129,834	-
Compensated absences (a)	194,645	35,407	(92)	229,960	131,215
Estimated claims liabilities (b)	142,459	-	16,493	158,952	38,563
Net pension liabilites	-	1,268,304	-	1,268,304	-
Accrued remediation costs (c)	2,574	-	(555)	2,019	558
Total other long-term liabilities	451,301	1,321,922	15,846	1,789,069	170,336
Total governmental activities – long-term liabilities	$ 1,589,258	$ 1,784,779	$ (81,155)	$ 3,292,882	$ 248,976

(a) General Fund, Special Revenue Fund, and Internal Service Fund are used to liquidate the compensated absences.
(b) Internal Service Funds are used to liquidate the estimated claims liabilities.
(c) General Fund is used to liquidate the remediation costs.

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Changes in long-term liabilities (Continued)

The following is a summary of business-type activities long-term liabilities transactions for the year ended June 30, 2015 (In thousands):

	Balance June 30, 2014	New Additions	Payments / Reclass	Balance June 30, 2015	Amounts Due Within One Year
Business-type activities:					
Debt long-term liabilities:					
Bonds payable, net of un-amortized discount and losses	$ 132,941	$ -	$(13,024)	$ 119,917	$ 13,339
Capital lease (RMC)	3,854	4,755	(2,731)	5,878	1,521
Total debt long-term liabilities	136,795	4,755	(15,755)	125,795	14,860
Other long-term liabilities:					
Accreted interest payable	62,781	5,928	(2,593)	66,116	223
Accrued closure and post-closure costs	86,744	-	(5,986)	80,758	555
Compensated absences	24,165	1,590	-	25,755	14,638
Accrued remediation costs	39,579	111	-	39,690	719
OPEB obligation, net	126	14	-	140	-
Net pension liabilites	-	179,268	-	179,268	-
Other long-term liabilities (a)	6,795	-	-	6,795	-
Total other long-term liabilities	220,190	186,911	(8,579)	398,522	16,135
Total business-type activities – long-term liabilities	$ 356,985	$ 191,666	$(24,334)	$ 524,317	$ 30,995
Discretely Presented Component Unit					
Debt long-term liabilities:					
Bonds payable	$ 51,219	$ -	$ (5,282)	$ 45,937	$ 5,580
Other long-term liabilities:					
Compensated absences	157	203	(182)	178	123
Net pension liability	-	1,340	-	1,340	-
Total discretely presented component unit – long-term liabilities	$ 51,376	$ 1,543	$ (5,464)	$ 47,455	$ 5,703

(a) The Housing Authority (Business-type Activity) has two notes payable, totaling $6.8 million, under “Other long-term liabilities.”

Disclosure of Pledged Revenues

Inland Empire Tobacco Securitization Authority, a blended component unit of the County, issued $294.1 million of tobacco asset-backed bonds. The bonds are solely secured by pledging a portion of County tobacco assets*** made payable to the County pursuant to agreements with the State and other parties. The portion of revenues that will be used to pay the debt service are (i) the County tobacco assets to the extent consisting of or relating to amounts due to the County after the first $10.0 million has been paid to the County in each year beginning on January 1, 2008 and ending on December 31, 2020, (ii) the County tobacco assets to the extent consisting of or relating to amounts due to the County after the first $11.5 million has been paid to the County in each year beginning on January 1, 2021 and ending on December 31, 2026, (iii) the County tobacco assets to the extent consisting of or relating to amounts due to the County from and after January 1, 2027, and (iv) the County tobacco assets to the extent consisting of or relating to the applicable percentage of a lump sum payment of 15.2% to the County and 84.8% to the Inland Empire Tobacco Securitization Authority for calendar year 2015. During the fiscal year ended June 30, 2015, $19.3 million was received by the Inland Empire Tobacco Securitization Authority; $10.0 million, or 52.4%, was distributed to the County per the above agreement, leaving $9.1 million, or 47.6%, of the specific tobacco settlement revenues available to be pledged (see page 151). The County is under no obligation to make payments of the principal or accreted value of or redemption premiums, if any, or interest on the Series 2007 bonds in the event that revenues are insufficient for the payment thereof.

***** *Tobacco settlement revenue required to be paid to the State of California under the Master Settlement Agreement entered into by participating cigarette manufacturers, 46 states, California, and six other U.S. jurisdictions, in November 1998 in settlement of certain cigarette smoking-related litigation.*

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Disclosure of Pledged Revenues (Continued)

The Housing Authority 1998 bonds are secured by an agreement with the City of Corona, which has pledged to pay $218.0 thousand to the Housing Authority each year until the bonds are redeemed in their entirety on December 1, 2018. The bond indenture requires the Housing Authority to remit the entire $218.0 thousand received each year to the bond trustee to pay for the bond's annual debt service payments.

The Housing Authority reports the $218.0 thousand received each year as revenue. MBIA Insurance Corporation has issued a surety bond in lieu of a cash funded reserve. The outstanding balance as of June 30, 2015, before applying the deferred charge, was $730.0 thousand.

NOTE 15 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County recognized deferred outflows of resources in the government-wide and proprietary fund statements. These items are a consumption of net position by the County that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The County has two items that are reportable on the government-wide statement of net position: the first item relates to outflows from charges in the net pension liability (notes 20 and 21) and the second item relates to interest rate swap (note 14) that have met all requirements other than timing. Deferred outflows of resources that are reported in the proprietary funds are included in the government-wide statement of net position.

Deferred outflows of resources balances for the year ended June 30, 2015 were as follows (In thousands):

	Balance June 30, 2015
Government-wide deferred outflows:	
Governmental activities	
Interest rate swap	$ 25,375
Pension	184,224
Total governmental activities	209,599
Business-type activities:	
Defeasance of debt	208
Pension	25,244
Total business-type activities	25,452
Total government-wide deferred outflows	$ 235,051
Discretely presented component unit deferred outflows:	
Pension	$ 196
Total discretely presented component unit deferred outflows	$ 196

NOTE 15 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (Continued)

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County recognized deferred inflows of resources in the governmental and government-wide financial statements. These items are an acquisition of net position by the County that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

The largest portions of the County's deferred inflows of resources are pensions, SB90 and Teeter tax loss reserve. Pensions are related to GASB Statement No. 68, which can be found in notes 20 and 21. SB90 is California SB90 of 1972, which established a requirement that the State of California reimburse local government agencies for the costs of new programs or increased levels of service on programs mandated by the State. Teeter tax loss reserve pursuant to California Revenue and Taxation Code Section 4703 was established as a tax loss reserve fund for covering losses that may occur in the amount of tax liens as a result of special sales of tax defaulted property.

Deferred inflows of resources balances for the year ended June 30, 2015 were as follows (In thousands):

	Balance June 30, 2015
Government-wide deferred inflows:	
Governmental activities	
Teeter tax loss reserve	$ 19,376
Pension	403,674
Total governmental activities	423,050
Business-type activities	
Service concession arrangement	7,528
Pension	59,763
Total business-type activities	67,291
Total government-wide deferred inflows	$ 490,341
Governmental funds deferred inflows:	
General Fund:	
SB 90	$ 22,994
Teeter tax loss reserve	19,376
Property tax	4,775
Miscellaneous unavailable revenue	1,342
Sales tax	48
Total general fund	48,535
Flood Control Special Revenue Fund:	
Property tax	933
Special assessments	60
Total flood control special revenue fund	993
Other Governmental Funds:	
Property tax	4
Total other governmental funds	4
Total governmental funds deferred inflows	$ 49,532
Discretely presented component unit deferred inflows:	
Pension	$ 452
Total discretely presented component unit deferred inflows	$ 452

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NOTE 16 – FUND BALANCES

Fund balances that presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned. (See Note 1 for a description of each category). A detailed schedule of fund balances as of June 30, 2015 is as follows (In thousands):

	Major Funds					
	General Fund	Transportation	Flood Control	Public Facilities Improvements	Public Financing Authority	Total Major Governmental Funds
Fund balances:						
Nonspendable						
Inventory	$ 1,638	$ 1,164	$ -	$ -	$ -	$ 2,802
Prepaid items	-	2,600	730	-	-	3,330
Imprest cash	363	12	1	-	-	376
Permanent fund	-	-	-	-	-	-
Total nonspendable	**2,001**	**3,776**	**731**	**-**	**-**	**6,508**
Restricted						
Aging	-	-	-	-	-	-
Air quality planning	120	-	-	-	-	120
Airport	-	-	-	-	-	-
Auto theft interdiction	484	-	-	-	-	484
CAP local initiative program	-	-	-	-	-	-
Child support services	21	-	-	-	-	21
Code enforcement	180	-	-	-	-	180
Construction & capital projects	9,481	-	-	73,138	302,498	385,117
Court services	4,645	-	-	-	-	4,645
Debt services	4,882	-	-	-	-	4,882
Developer impact fees	-	-	-	1	-	1
District attorney	20,768	-	-	-	-	20,768
Domestic violence	1,518	-	-	-	-	1,518
Education	1,563	-	-	-	-	1,563
Emergency medical services	6,181	-	-	-	-	6,181
Environmental health	401	-	-	-	-	401
Public ways and facilities	84	-	236,749	18,230	-	255,063
Fire protection	-	-	-	15,607	-	15,607
Geographical info system	-	-	-	-	-	-
Hazmat	2,739	-	-	-	-	2,739
HUD/CDBG home grants	-	-	-	-	-	-
Landscape maintenance	-	8,645	-	-	-	8,645
Libraries	-	-	-	-	-	-
Mental health	5,607	-	-	-	-	5,607
Modernization	5,976	-	-	-	-	5,976
Other purposes	914	-	-	-	-	914
Parks and recreation	-	-	-	13,165	-	13,165
Public assistance	3,147	-	-	-	-	3,147
Public health	1,963	-	-	-	-	1,963
Public protection	1,129	-	-	-	-	1,129
Public safety revenue	32,093	-	-	-	-	32,093
Roads	-	41,230	-	-	-	41,230
Sheriff patrol	10,225	-	-	-	-	10,225
Teeter tax losses	8,846	-	-	-	-	8,846
Total restricted	**122,967**	**49,875**	**236,749**	**120,141**	**302,498**	**832,230**

Note: Encumbrances - see Note 23 – Contingencies and Commitments

NOTE 16 – FUND BALANCES (Continued)

Nonmajor Funds						
Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental	Total Governmental Funds	
						Fund balances:
						Nonspendable
$ -	$ -	$ -	$ -	$ -	$ 2,802	Inventory
7	-	580	-	587	3,917	Prepaid items
67	-	-	-	67	443	Imprest cash
-	-	-	527	527	527	Permanent fund
74	**-**	**580**	**527**	**1,181**	**7,689**	**Total nonspendable**
						Restricted
14	-	-	-	14	14	Aging
266	-	-	-	266	386	Air quality planning
1,958	-	-	-	1,958	1,958	Airport
-	-	-	-	-	484	Auto theft interdiction
1,134	-	-	-	1,134	1,134	CAP local initiative program
-	-	-	-	-	21	Child support services
616	-	-	-	616	796	Code enforcement
-	-	18	-	18	385,135	Construction & capital projects
-	-	-	-	-	4,645	Court services
-	68,311	12,699	-	81,010	85,892	Debt services
-	-	-	-	-	1	Developer impact fees
-	-	-	-	-	20,768	District attorney
-	-	-	-	-	1,518	Domestic violence
-	-	-	-	-	1,563	Education
-	-	-	-	-	6,181	Emergency medical services
4,039	-	-	-	4,039	4,440	Environmental health
-	-	-	-	-	255,063	Public ways and facilities
6,065	-	-	-	6,065	21,672	Fire protection
513	-	-	-	513	513	Geographical info system
-	-	-	-	-	2,739	Hazmat
1,939	-	-	-	1,939	1,939	HUD/CDBG home grants
21,083	-	-	-	21,083	29,728	Landscape maintenance
26,422	-	-	-	26,422	26,422	Libraries
-	-	-	-	-	5,607	Mental health
-	-	-	-	-	5,976	Modernization
316	-	-	-	316	1,230	Other purposes
825	-	6,966	-	7,791	20,956	Parks and recreation
3,809	-	-	-	3,809	6,956	Public assistance
780	-	-	-	780	2,743	Public health
3,473	-	-	40	3,513	4,642	Public protection
-	-	-	-	-	32,093	Public safety revenue
1,279	-	-	-	1,279	42,509	Roads
5,907	-	-	-	5,907	16,132	Sheriff patrol
-	-	-	-	-	8,846	Teeter tax losses
80,438	**68,311**	**19,683**	**40**	**168,472**	**1,000,702**	**Total restricted**

NOTE 16 – FUND BALANCES (Continued)

	Major Funds					
	General Fund	**Transportation**	**Flood Control**	**Public Facilities Improvements**	**Public Financing Authority**	**Total Major Governmental Funds**
Fund balances:						
Committed						
Code enforcement	$ -	$ 2,215	$ -	$ -	$ -	$ 2,215
Community improvement	308	-	-	-	-	308
Construction & capital projects	243	193	-	3,000	-	3,436
Disaster relief	15,000	-	-	-	-	15,000
District attorney	29	-	-	-	-	29
EDA special projects	-	-	-	-	-	-
Environmental programs	1,463	311	-	-	-	1,774
Facilities	500	-	-	-	-	500
Other purposes	2,504	-	-	-	-	2,504
Planning	191	-	-	-	-	191
DPSS realignment growth	4,300	-	-	-	-	4,300
SB90	1,380	-	-	-	-	1,380
Sheriff correction	12,971	-	-	-	-	12,971
Solar program	-	-	-	-	-	-
Youth protection	533	-	-	-	-	533
Total committed	**39,422**	**2,719**	**-**	**3,000**	**-**	**45,141**
Assigned						
Airports	-	-	-	-	-	-
Capital improvement projects	289	-	-	6,586	-	6,875
Construction & capital projects	-	-	-	8,894	-	8,894
Community improvement	53	-	-	-	-	53
Debt service	-	-	-	-	-	-
Equipment	-	5,700	-	-	-	5,700
Other purposes	520	-	3,174	-	-	3,694
Parks	-	-	-	-	-	-
Probation	1,989	-	-	-	-	1,989
Public health	863	-	-	-	-	863
Registrar of voters	112	-	-	-	-	112
Roads	-	9,082	-	-	-	9,082
Sheriff correction	1,318	-	-	-	-	1,318
Total assigned	**5,144**	**14,782**	**3,174**	**15,480**	**-**	**38,580**
Unassigned	**225,855**	**-**	**-**	**-**	**-**	**225,855**
Total fund balances	**$ 395,389**	**$ 71,152**	**$ 240,654**	**$ 138,621**	**$ 302,498**	**$ 1,148,314**

Note: Encumbrances - see Note 23 – Contingencies and Commitments

NOTE 16 – FUND BALANCES (Continued)

Nonmajor Funds						
Special Revenue Funds	**Debt Service Funds**	**Capital Projects Funds**	**Permanent Fund**	**Total Nonmajor Governmental**	**Total Governmental Funds**	
						Fund balances:
						Committed
$ -	$ -	$ -	$ -	$ -	$ 2,215	Code enforcement
-	-	-	-	-	308	Community improvement
-	-	-	-	-	3,436	Construction & capital projects
-	-	-	-	-	15,000	Disaster relief
-	-	-	-	-	29	District attorney
3,810	-	-	-	3,810	3,810	EDA special projects
-	-	-	-	-	1,774	Environmental programs
-	-	-	-	-	500	Facilities
-	-	-	-	-	2,504	Other purposes
-	-	-	-	-	191	Planning
-	-	-	-	-	4,300	DPSS realignment growth
-	-	-	-	-	1,380	SB90
-	-	-	-	-	12,971	Sheriff correction
592	-	-	-	592	592	Solar program
-	-	-	-	-	533	Youth protection
4,402	**-**	**-**	**-**	**4,402**	**49,543**	**Total committed**
						Assigned
2,932	-	-	-	2,932	2,932	Airports
-	-	-	-	-	6,875	Capital improvement projects
-	-	14,812	-	14,812	23,706	Construction & capital projects
-	-	-	-	-	53	Community improvement
-	3,636	-	-	3,636	3,636	Debt service
-	-	-	-	-	5,700	Equipment
2,919	-	-	-	2,919	6,613	Other purposes
10,253	-	-	-	10,253	10,253	Parks
-	-	-	-	-	1,989	Probation
-	-	-	-	-	863	Public health
-	-	-	-	-	112	Registrar of voters
-	-	-	-	-	9,082	Roads
-	-	-	-	-	1,318	Sheriff correction
16,104	**3,636**	**14,812**	**-**	**34,552**	**73,132**	**Total assigned**
-	**-**	**-**	**-**	**-**	**225,855**	**Unassigned**
$ 101,018	**$ 71,947**	**$ 35,075**	**$ 567**	**$ 208,607**	**$ 1,356,921**	**Total fund balances**

NOTE 17 – RISK MANAGEMENT

The County is self-insured for general liability, medical malpractice, and workers' compensation claims. The County records estimated liabilities for general liability, medical malpractice, and workers' compensation claims filed or estimated to be filed for incidents that have occurred. Estimated liability accruals include those incidents that are reported as well as an amount for those incidents that incurred but are not reported (IBNR) at fiscal year end. The funding of these estimates is based on actuarial experience and projections. The County fully self-insures short-term disability and unemployment insurance. Life insurance and long-term disability programs are fully insured. Depending on the plan, group health, dental, and vision may be either self-insured or fully insured.

The County supplements its self-insurance for general liability, medical malpractice, and workers' compensation with catastrophic excess insurance coverage. General liability utilizes a policy providing coverage on a per occurrence basis. Limits under the policy are $10 million, subject to a self-insured retention (SIR) of $2 million for each occurrence. A SIR is a form of a deductible. The County also purchases an additional $15 million per occurrence in excess of the $10 million for a total of $25 million in limits. Medical malpractice utilizes an excess policy providing coverage on a per occurrence basis. Limits under the malpractice policy are $20 million subject to a SIR of $1.1 million. The maximum limit under the excess workers' compensation, Section A, is statutory (unlimited); Section B, employer liability is $5 million per claim. Section A is subject to a $2 million SIR for each accident, employee injury, or disease. Settlements have not exceeded coverage for each of the past three fiscal years.

The County's property insurance program provides insurance coverage for all risks subject to a $50,000 per occurrence deductible; flood coverage is subject to a 2.0% deductible (subject to a $100,000 minimum) per unit within a 100-year flood zone (as determined by Federal Emergency Management Agency) and $25,000 per unit deductible outside a 100-year flood zone. (A 'unit' is defined as; a separate building, contents in a separate building, property in the open (yard) or, time element coverage in a separate building.) The County's property is categorized into four towers and the overall all risk coverage is $600 million. Earthquake (covering scheduled locations equal to or greater than $1 million in value and lesser valued locations where such coverage is required by contract) has a sub-limit in each tower of $90 million with an additional $290.5 million excess rooftop limit available to any one tower. The excess rooftop limit may be triggered during the policy year if a covered earthquake event somewhere in the state has depleted the initial underlying limits. Earthquake coverage is subject to a deductible equal to 5.0% of replacement cost value per unit subject to a $100,000 minimum per unit. Boiler and machinery coverage is included and provides up to $100 million per accident in limits, with a $5,000 per occurrence deductible. The limits in each tower are shared with other counties on a per event basis. Should a catastrophic event occur and losses exceed the limits, the County would be responsible.

The activities related to such programs are accounted for in Internal Service Funds (ISF). Accordingly, estimated liabilities for claims, including loss adjustment expenses, filed or to be filed, for incidents that have occurred through June 30, 2015, are reported in these funds. Where certain ISF funds have an accumulated deficit or insufficient reserves, the County provides funding to reduce the deficit and increase the reserves. If the funding is above the Board of Supervisors approved 70.0% confidence level, an appropriate reduction in funding including a one-time holiday on department charges may be granted. For fiscal year 2014-15 the Board approved to continue reduced funding at slightly below the 55.0% confidence level for the general liability ISF and for the workers' compensation ISF. Funding for the medical malpractice ISF was at the 70.0% confidence level. Revenues for these internal service funds are primarily provided by other county departments and are intended to cover the self-insured claim payments, insurance premiums, and operating expenses. The revenue is not used to cover catastrophic events and/or other uninsured liabilities. Cash available in the risk management and workers' compensation ISF at June 30, 2015, plus revenues to be collected during fiscal year 2015-2016 are expected to be sufficient to cover all fiscal year 2015-2016 payments. The carrying amount of unpaid claim liabilities is $159.0 million. The liabilities are discounted at 2.0% for general liability and medical malpractice and 2.5% for workers' compensation.

	June 30, 2014	June 30, 2015
Unpaid claims, beginning of year	$ 130,919	$ 142,459
Increase (decrease) in provision for insured events of prior years	2,840	1,136
Incurred claims for current year	46,584	76,624
Claim payments	(37,884)	(61,267)
Unpaid claims, end of year	$ 142,459	$ 158,952

NOTE 18 – MEDI-CAL AND MEDICARE PROGRAMS

The RMC provides services to patients covered by various reimbursement programs. The principal programs are Medicare, the State of California Medi-Cal, and the County Medically Indigent Services Program (MISP) and Low Income Health Plan (LIHP) which ended on December 31, 2013 and was replaced by the Medi-Cal Managed Care AB85 Expansion Program. Net patient service revenue is recorded at the estimated net realizable amounts from patients, third-party payers, and others for services rendered. In addition, net patient service revenue includes a provision for doubtful accounts and estimated retroactive adjustments under reimbursement agreements with federal and state government programs and other third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Inpatient services rendered to Medi-Cal program beneficiaries are reimbursed at a per diem rate based upon estimated certified public expenditures (CPEs) and outpatient services are reimbursed under a schedule of maximum allowable reimbursement provided by the California Department of Health Care Services (DHCS). Inpatient acute care services rendered to Medicare program beneficiaries are reimbursed based upon pre-established rates for diagnostic-related groups. Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology subject to payment caps and indexing formulas. The RMC is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the RMC and audit thereof by the Medicare fiscal intermediary. Normal estimation differences between final settlements and amounts accrued in previous years are reflected in net patient services revenue. The fiscal intermediary has audited the RMC's Medicare cost reports thru June 30, 2012 and Medi-Cal cost reports through June 30, 2012. The RMC has received notices of program reimbursement (NPR), a written notice reflecting the intermediary's final determination of the total amount of reimbursement due the medical center for Medicare through June 30, 2012 and has also issued a (NPR) without audit for Medicare cost report year ending June 30, 2013. For Medi-Cal Fee for Service, the RMC is final settled thru the California public hospital P-14 cost reports. Notice of final settlement has been received thru June 30, 2007.

In September 2005, the State of California significantly modified its Medi-Cal program under a new waiver with the Centers for Medicare and Medicaid Services (CMS). In connection with the new waiver, the State legislature passed the Medi-Cal Hospital Uninsured Demonstration Project Act, or SB 1100, which replaced the SB 855 and SB 1255 programs. For the SB 1100 program, the State continues to provide supplemental payments to the hospital for uncompensated care. However, the use of intergovernmental transfers (IGTs) by the State, as the non-federal match, was modified to a methodology consisting of CPEs up to 50 percent of costs or Federal Medical Assistance Program (FMAP) rate. The RMC has recorded net patient revenue of $75.6 million for SB 1100 for the fiscal year ended June 30, 2014, of which $38.5 million is from the Delivery System Reform Incentive Program (DSRIP), a waiver incentive based payment component of the Section 1115 Medicaid Waiver.

All CPEs reported by the hospital will be subject to state and federal audit and final reconciliation process. If at the end of the final reconciliation process it is determined that the hospital's claimed CPEs resulted in an overpayment to the state, the hospital may be required to return the overpayment whether or not they received the federal matching funds.

Waiver Reform

California's current Section 1115 Medicaid Demonstration Waiver which funds hospitals and indigent care expires this coming September 30, 2015. The (DHCS) has been working with the legislature to negotiate a successful new waiver with CMS that accomplishes the goal of continuing support of local Counties to maximize federal funds and improve the system of care.

NOTE 18 – MEDI-CAL AND MEDICARE PROGRAMS (Continued)

Redirection of 1991 State Health Realignment

Realignment was affected by California electing to implement a state-run Medicaid Expansion program thru the Affordable Care Act (ACA) , the State anticipates that counties' costs and responsibilities for the health care Services for the indigent population has decreased for much of this population who became eligible for coverage through Medi-Cal or the Healthcare Exchange offering affordable coverage thru Covered California. On June 27, 2013, Governor Brown signed into law AB85 that provides a mechanism for the State to redirect State health realignment funding to fund social service programs.

The redirected amount was determined according to an agreed to formula option for California's twelve public hospital system counties, thirty-four County Medical Services Program (CMSP) counties, and the remaining twelve counties (Article 13 counties). The formula options were developed in consultation with the counties and DHCS to ensure continued viability of the county safety net. For CMSP counties, AB85 outlines that 60% of health realignment that would have otherwise been received will be redirected, while the remaining two county groups had an option to either have 60% of health realignment redirected, or, to use a formula-based approach that takes into account a county's cost and revenue experience, and redirect 80% (70% in FY 13-14) of the savings realized by the county.

RMC has fully reserved for any potential liabilities due back to the State for any State health realignment overpayments estimated due back to the State from the savings realized by the County Health System for the Fiscal Year ended June 30, 2015 as a result of the AB85 formula.

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS

Under Title I (Section 6500 et seq.) of the Government Code, the County has participated in jointly governed organizations with various entities for a variety of purposes. The board of directors for each of these organizations is composed of one representative of each member organization. The County maintains no majority influence or budgetary control over the following entities and County transactions with these jointly governed organizations are not material to the financial statements. The following jointly governed organizations were not included as either blended or discretely presented component units in these financial statements.

A representation of the jointly governed organizations on which the County served at June 30, 2015 follows:

The California State Association of Counties (CSAC) Excess Insurance Authority was formed in October 1979 and has a current membership of 52 California counties. The CSAC operates programs for excess workers' compensation, two excess liability programs, two property programs, and medical malpractice. It also provides support services for selected programs such as claims administration, risk management, loss prevention and training, and subsidies for actuarial studies and claims audits.

Coachella Valley Association of Governments was formed in November 1973. Currently, the association includes the following members: the cities of Blythe, Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, and Rancho Mirage; the local tribes of Agua Caliente Band of Cahuilla Indians and the Cabazon Band of Mission Indians; and Riverside County. The purpose of the Association is to conduct studies and projects designed to improve and coordinate the common governmental responsibilities and services on an area-wide and regional basis.

Western Riverside Council of Governments was formed in November 1989 with the cities of Banning, Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Lake Elsinore, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, and Temecula for the purpose of serving as a forum for consideration, study, and recommendation on area-wide and regional problems.

Riverside County Habitat Conservation Agency (RCHCA) was formed in July 1990. The RCHCA is a Joint Powers Agreement Agency comprised of the cities of Corona, Hemet, Lake Elsinore, Moreno Valley, Murrieta, Perris, Riverside, Temecula, and the County of Riverside for the purpose of planning, acquiring, administering, operating, and maintaining land and facilities for ecosystem conservation and habitat reserves for the Stephen's Kangaroo Rat and other endangered species under Article 1, Chapter 5, Division 7, Title 1 of the Government Code.

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

Van Horn Regional Treatment Facility was organized in January 1991 with Los Angeles, San Diego, San Bernardino, Orange, and Riverside Counties for the purpose of constructing and operating a treatment center for emotionally disturbed minors. The Facility's Board of Directors consists of the Chief Probation Officer and the Director of Mental Health for each county.

Riverside County Abandoned Vehicle Abatement Authority was formed in June 1993 with those cities within the County that have elected to create and participate in the Authority, pursuant to Vehicle Code Section 22710. The purpose of the Authority is to implement a program and plan for the abatement of abandoned vehicles.

The March Joint Powers Commission was formed in August 1993 with the cities of Moreno Valley, Perris, and Riverside to formulate and implement plans for the use and reuse of March Air Force Base.

The Salton Sea Authority was formed in August 1993 with Imperial County, Imperial Irrigation District, and Coachella Valley Water District to direct and coordinate actions relating to improvement of water quality, stabilization of water elevation, and to enhance recreational and economic development potential of the Salton Sea and other beneficial uses.

Coachella Valley Regional Airport Authority was formed in April 1994 with the cities of Coachella, Indian Wells, Indio, La Quinta, and Palm Desert for the purpose of acting as a planning commission for the continued growth and development of Thermal Airport and the surrounding area.

Inland Empire Health Plan was formed with the County of San Bernardino in June 1994 to be the administrative body and governing board to form and develop a managed health care system for Medi-Cal recipients in the two counties through the Local Initiative.

Palm Springs Visitors and Convention Bureau were formed in December 1995 with those member cities located in the Coachella Valley area of the County. The purpose of the Authority is to encourage and promote all aspects of the hospitality, convention, and tourism industry in the Coachella Valley.

Western Riverside County Regional Conservation Authority / Multi-Species Habitat Conservation Plan were formed in January 2004 with the responsibility of issuing the permits required to implement the Multi-Species Habitat Conservation Plan, which will ultimately create a 500,000-acre reserve system in the County. The conservation plan's proposed reserve system protects habitat for 146 varieties of species.

Coachella Valley Conservation Commission (CVCC) was formed in October 2005. The CVCC is a Joint Powers Agreement Agency comprised of the cities of Coachella, Cathedral City, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage, Riverside, and the Coachella Valley Water District as well as the Imperial Irrigation District. The purpose of the CVCC was to implement the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP). The CVMSHCP goal is to enhance and maintain biological diversity and ecosystem processes while allowing future economic growth.

Southern California Regional Airport Authority (SCRAA) was originally founded in 1985 by the joint powers authority to begin the process of regionalizing aviation. It has been reactivated in an attempt to reduce projected future passenger loads at Los Angeles International Airport (LAX), by spreading the growth in commercial air traffic to other regional airports. The Southern California Association of Governments (SCAG) has also coordinated dispersal planning of the significant new MAP (million air passengers) that would have to be absorbed at other airports if LAX's future MAP is reduced.

Coachella Valley Enterprise Zone Authority (CVEZA) was formed in September 2010 by the Joint Powers Agreement comprised of the County of Riverside, the City of Indio, and the City of Coachella. The purpose of the authority is to manage, coordinate, market, and administer economic development programs and projects in the enterprise zone areas.

NOTE 20 – RETIREMENT PLAN

General Information about the Pension Plans

*Plan descriptions***.** The County, Flood Control, Park District, and Waste Resources contract with the CalPERS to provide retirement benefits to its employees. CalPERS is a common investment and administrative agent for participating public entities within the State of California. State statutes governed by the Public Employees' Retirement Law (PERL), have established benefit provisions as well as other requirements. The County may select from a variety of optional benefit provisions offered by CalPERS. Upon selecting the benefit provisions and entering into a contractual agreement with CalPERS, the benefit provisions may be adopted through local ordinance. CalPERS issues a comprehensive annual financial report (CAFR) which details its plan assets, liabilities, and plan activity. The County receives an annual actuarial valuation report which summarizes plan assets, liabilities, and employer rates for its plans. Under GASB Statement No. 68, both the County (Miscellaneous and Safety) and Flood Control are agent multiple-employer defined benefit pension plans, while the Park District and Waste Resources are cost-sharing multi-employer defined benefit pension plans due to their pooling composite. Copies of the CalPERS CAFR may be obtained from: California Public Employees' Retirement System, 400 Q Street, P.O. Box 942701, Sacramento, CA 94229-2701.

*Benefits provided***.** CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and plan beneficiaries. The County of Riverside has three retirement Tiers through the California Public Employee's Retirement System (CalPERS). Tier I - Applicable to employees hired prior to August 23, 2012. Formula is 3.0% at age 50 for County Safety employees and age 60 for all other plans. Tier II - Applicable to employees hired on or after August 23, 2012 through December 31, 2012. Formula is 2.0% at age 50 for County Safety employees and age 60 for all other plans. Tier III - Applicable to new CalPERS members hired on or after January 1, 2013 as a result of Public Employees' Pension Reform Act of 2013 (PEPRA), new lower retirement benefit formulas, final compensation periods, and contribution requirements were implemented. Formula is 2.7% at age 57 for County Safety employees and 2.0% at age 62 for all other plans. New members who were hired by Waste Resources on or after August 23, 2012 are applicable to the County Miscellaneous plan. Listed below is a table with the new retirement options and provision changes.

Summary of Benefits by plan:

	Plan	EPMC	Earliest Retirement Age	PEPRA Compensation Limits	Final Compensation	Effective Date
Tier I						
County Miscellaneous	3.0% at 60	Yes	50	N/A	12 months	N/A
County Safety	3.0% at 50	Yes	50	N/A	12 months	N/A
Flood Control	3.0% at 60	Yes	50	N/A	12 months	N/A
Park District	3.0% at 60	Yes	50	N/A	12 months	N/A
Waste Resources	3.0% at 60	Yes	50	N/A	12 months	N/A
Tier II						
County Miscellaneous	2.0% at 60	No	50	N/A	36 months	8/23/2012
County Safety	2.0% at 50	No	50	N/A	36 months	8/23/2012
Flood Control	2.0% at 60	No	50	N/A	36 months	8/23/2012
Park District	2.0% at 60	No	50	N/A	36 months	8/23/2012
Waste Resources	N/A	N/A	N/A	N/A	N/A	N/A
Tier III (PEPRA)						
County Miscellaneous	2.0% at 62	No	52	$ 117,020	36 months	1/1/2013
County Safety	2.7% at 57	No	50	$ 140,424	36 months	1/1/2013
Flood Control	2.0% at 62	No	52	$ 117,020	36 months	1/1/2013
Park District	2.0% at 62	No	52	$ 117,020	36 months	1/1/2013
Waste Resources	N/A	N/A	N/A	N/A	N/A	N/A

NOTE 20 – RETIREMENT PLAN (Continued)

Employees covered by benefit terms. At June 30, 2014, the following employees were covered by the benefit terms:

	County Miscellaneous	County Safety	Flood Control	Park District	Waste Resources
Inactive employees or beneficiaries currently receiving benefits	8,880	2,073	199	64	93
Inactive employees entitled to but yet receiving benefits	11,049	1,054	124	100	59
Active employees	15,530	3,448	230	107	29
	35,459	6,575	553	271	181

Contributions. Active plan members in CalPERS may be required to contribute up to 8.0% (Miscellaneous employees) and up to 9.0% (Safety employees) of their annual covered salary as specified in the governing Memorandum of Understanding or as provided by state statue.

The employer contribution rate is established and may be amended by CalPERS. The actuarial methods and assumptions used to establish the employer contribution rate are adopted by the CalPERS Board of Administration. The County, Flood Control, Park District, and Waste Resources are required to contribute the actuarially determined annual required contributions necessary to fund the plans.

For fiscal year 2014-15, the employer and employee contribution rates were:

	County Miscellaneous	County Safety	Flood Control	Park District	Waste Resources
County contribution rates:					
County Tier I	14.5%	21.9%	18.0%	18.5%	22.1%
County Tier II	14.5%	21.9%	18.0%	8.7%	N/A
County Tier III	14.5%	21.9%	18.0%	6.7%	N/A
Plan Members contribution rates					
County Tier I	8.0%	9.0%	8.0%	8.0%	8.0%
County Tier II	7.0%	9.0%	7.0%	7.0%	N/A
County Tier III	6.5%	10.8% *	6.5%	6.5%	N/A

*During the term of Memorandum of Understanding (MOU), the employee contributions pursuant to the cost-sharing provision cannot exceed less than that which the employees are obligated under the MOU to contribute.

Net Pension Liability

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NOTE 20 – RETIREMENT PLAN (Continued)

Actuarial assumptions. For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

By Plan	County Miscellaneous	County Safety	Flood Control	Park District	Waste Resources
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Asset Valuation Method	Market Value of Assets	Market Value of Assets	Market Value of Assets	Market Value of Assets	Market Value of Assets
Actuarial Assumptions:					
Discount Rate	7.50%	7.50%	7.50%	7.50%	7.50%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	Varies by Entry Age and Services	Varies by Entry Age and Services	Varies by Entry Age and Services	Varies by Entry Age and Services	Varies by Entry Age and Services
Investment Rate of Return:	7.50%	7.50%	7.50%	7.50%	7.50%
Mortality Rate Table for all Plans (1)	Derive using CalPERS' Membership Data for all Funds				
Post Retirement Benefit Increase	Contract COLA up to 2.8% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.8% thereafter				

*Net of Pension Plan Investment and Administrative Expenses; including inflation

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. More details on this table are available in 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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, both short-term and long-term market return expectations are accounted for as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class applied to all plans. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

NOTE 20 – RETIREMENT PLAN (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employee Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at the CalPERS website under the GASB Statement No. 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. This difference was deemed immaterial to the agent multiple-employer plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statement No. 67 and No. 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time when there is a methodology change.

NOTE 20 – RETIREMENT PLAN (Continued)

Changes in the Net Pension Liability for Agent Multiple-Employer Plans

The following table shows the changes in net pension liability recognized over the measurement period (In thousands).

By Plan:	**County Miscellaneous**			**County Safety**			**Flood Control**		
	Increase (Decrease)			Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at 06/30/13	$ 5,048,239	$ 3,804,999	$ 1,243,240	$ 2,425,684	$ 1,779,847	$ 645,837	$ 146,854	$ 102,534	$ 44,320
Changes of the year:	-								
Service cost	158,164	-	158,164	77,706	-	77,706	2,659	-	2,659
Interest on the Total Pension Liability	377,221	-	377,221	181,393	-	181,393	10,889	-	10,889
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	-	-	-
Changes of assumptions	-	-	-	-	-	-	-	-	-
Contributions - employer	-	134,673	(134,673)	-	72,947	(72,947)	-	2,793	(2,793)
Contributions - employee	-	69,872	(69,872)	-	28,396	(28,396)	-	1,394	(1,394)
Net investment income	-	666,911	(666,911)	-	312,502	(312,502)	-	17,670	(17,670)
Benefit payments, including refunds of employee contributions	(195,420)	(195,420)	-	(91,921)	(91,921)	-	(6,007)	(6,007)	-
Net changes	339,965	676,036	(336,071)	167,178	321,924	(154,746)	7,541	15,850	(8,309)
Balance at 06/30/14	$ 5,388,204	$ 4,481,035	$ 907,169	$ 2,592,862	$ 2,101,771	$ 491,091	$ 154,395	$ 118,384	$ 36,011

Changes in the Aggregate and Plan Net Pension Liability for Cost Sharing Employer Plans

The following table shows the changes in net pension liability recognized over the measurement period for the entire risk pool (In thousands).

By Plan:	**Park District**			**Waste Resources**		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at 06/30/13	$ 32,127	$ 23,881	$ 8,246	$ 39,403	28,550	$ 10,853
Changes of the year:						
Service cost	1,029	-	1,029	529	-	529
Interest on the Total Pension Liability	2,392	-	2,392	2,933	-	2,933
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-
Changes of assumptions	-	-	-	-	-	-
Contributions - employer	-	753	(753)	-	900	(900)
Contributions - employee	-	385	(385)	-	194	(194)
Net investment income	-	4171	(4,171)	-	4,987	(4,987)
Benefit payments, including refunds of employee contributions	(1,509)	(1,509)	-	(1,117)	(1,117)	-
Adjustment due to Differences in Proportions	-	169	(169)	-	(218)	218
Net changes	1,912	3,969	(2,057)	2,345	4,746	(2,401)
Balance at 06/30/14	$ 34,039	$ 27,850	$ 6,189	$ 41,748	$ 33,296	$ 8,452

NOTE 20 – RETIREMENT PLAN (Continued)

The following table shows the proportionate share of the net pension liability over the measurement period.

By Plan	**Park District**			**Waste Resources**		
	Increase (Decrease)			Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)	Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at 06/30/2013	$ 32,127	$ 23,881	$ 8,246	$ 39,403	$ 28,550	$ 10,853
Balance at 06/30/2014	$ 34,039	$ 27,850	$ 6,189	$ 41,748	$ 33,296	$ 8,452
Net changes during 2013-14	$ 1,912	$ 3,969	$ (2,057)	$ 2,345	$ 4,746	$ (2,401)

Sensitivity of the net pension liability to changes in the discount rate.

The following presents the net pension liability of the County and Flood Control, calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5 percent) or 1 percentage-point higher (8.5 percent) than the current rate (In thousands):

Net Pension Liability By Plan	Discount Rate - 1% (6.5%)	Current Discount Rate (7.5%)	Discount Rate + 1% (8.5%)
County Miscellaneous	$ 1,670,089	$ 907,169	$ 278,575
County Safety	877,234	491,091	176,235
Flood Control	56,422	36,011	19,056

The following presents the net pension liability of the Park District and Waste Resources, calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if the discount rate was used as 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate (In thousands):

Proportionate Share of Net Pension Liability By Plan	Discount Rate - 1% (6.5%)	Current Discount Rate (7.5%)	Discount Rate + 1% (8.5%)
Park District	10,700	6,186	2,440
Waste Resources	13,990	8,452	3,856

Pension plan fiduciary net position. Detailed information about the pension's plan fiduciary net position is available in the separately issued CalPERS financial report. The pension's plan fiduciary net position may differ from the plan assets reported in the actuarial valuation report due to several reasons. First, CalPERS must keep deficiency reserves, fiduciary self-insurance, and OPEB expense as assets. These amounts are excluded for rate setting purposes in the actuarial valuation report. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB Statement No. 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 inflows and deferred outflows related to pensions and are to be recognized in future pension expense.

NOTE 20 – RETIREMENT PLAN (Continued)

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the 2013-14 measurement period was obtained by dividing the total service years of the sum of remaining service lifetimes of the active employees by the total number of participants: (active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving cash refund.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year-ended June 30, 2015, the County recognized pension expense of $170.1 million. For the measurement period ending June 30, 2014, the Park District and Waste Resources reported a liability of $6.2 million and $8.5 million for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on a projection of long term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Park District's and Waste Resources' proportions were 0.25041 and 0.34198 percent, which was a decrease of 0.00126 and an increase of 0.01076 from its proportion measured as of June 30, 2013.

At June 30, 2015, the deferred outflows of resources and deferred inflows of resources related to pensions are reported from the following sources (In thousands):

	Agent Multiple-Employer			Cost Sharing Employer		
Deferred Outflows of Resources By Plan:	County Miscellaneous	County Safety	Flood Control	Park District	Waste Resources	Total
Difference between expected and actual experience	$ -	$ -	$ -	$ -	$ -	$ -
Change of assumptions	-	-	-	-	-	-
Adjustment due to Differences in Proportions	N/A	N/A	N/A	-	161	161
Contributions subsequent to measurement date recognized as deferred outflows of resources (GASB Statement No. 71)	132,619	71,228	2,985	950	189	207,971
Total	$ 132,619	$ 71,228	$ 2,985	$ 950	$ 350	$ 208,132

$208.0 million reported as deferred outflows of resources related to pensions resulting contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

NOTE 20 – RETIREMENT PLAN (Continued)

	Agent Multiple-Employer			Cost Sharing Employer		
Deferred Inflows of Resources By Plan:	County Miscellaneous	County Safety	Flood Control	Park District	Waste Resources	Total
Net difference between projected and actual earnings on pension plan investments	$ (305,964)	$ (143,389)	$ (8,066)	$ (1,913)	$ (2,287)	$ (461,619)
Adjustment due to Differences in Proportions	N/A	N/A	N/A	(124)	-	(124)
Total	$ (305,964)	$ (143,389)	$ (8,066)	$ (2,037)	$ (2,287)	$ (461,743)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows by measurement period ended June 30 (In thousands):

By Plan	County Miscellaneous	County Safety	Flood Control	Park District	Waste Resources	Total
2015	(76,491)	(35,847)	(2,016)	(522)	(514)	(115,391)
2016	(76,491)	(35,847)	(2,016)	(522)	(514)	(115,391)
2017	(76,491)	(35,847)	(2,016)	(514)	(526)	(115,395)
2018	(76,491)	(35,847)	(2,016)	(479)	(572)	(115,406)
2019	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-
	$ (305,964)	$ (143,389)	$ (8,066)	$ (2,037)	$ (2,126)	$ (461,582)

Payable to the Pension Plan

At June 30, 2015, there is no outstanding amount of contributions payable to the pension plan required for the year ended June 30, 2015.

NOTE 21 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. The County provides a part-time and temporary employees' retirement plan (the Plan) to provide retirement benefits to eligible employees as a substitute for benefits under social security. The Plan is an IRS Section 401(a) defined benefit plan. This Plan is self-funded and self-administered. Effective July 20, 2010, the County Board of Supervisors appointed U.S. Bank as the Plan's investment consultant, investment manager and trustee. Contributions made to the Plan are deposited with U.S. Bank, who maintains the responsibility of investing contributions in a diversified portfolio and reported at fair value. No financial report has been issued separately for public view under defined benefit pension plan.

Benefits provided. Retirement benefits are determined as 2.0 percent of the employee's compensation and payable as a single life annuity. The eligible retirement age is 65. Participants are immediately 100% vested in the Plan upon enrollment. Benefits are payable for the life of the employee only. The normal retirement benefit is accrued to the date of termination. A lump sum distribution is paid if the actuarial equivalent benefit is less than $5,000. Actuarial Equivalence for this purpose is based on the greater of the factor produced under the UP1984 unisex mortality table at 6% or the applicable mortality table and interest rate under 417(e).

Employees covered by benefit terms. At June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	192
Inactive employees entitled to but yet receiving benefits	6,161
Active employees	2,172
	8,525

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contributions. Participants in the Plan are required to contribute 3.75% of their compensation to the Plan. According to the July 1, 2014 valuation, the County's current required contribution rate is 0.5%, however, the County elected to contribute 1.6 % of payroll in order to obtain a 90.0% target funded ratio within 5 years. The Plan's current funded ratio is 95.3%. The Plan actuary annually calculates the minimum recommended employer contribution rate through preparation of an actuarial valuation report and the County determines the contribution rates. Administrative costs of the Plan are paid by the Trustee from Plan assets.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Inflation	2.8%
Salary Increases	3.0%
Payroll Growth	3.0%
Investment Rate of Return:	6.5%

Mortality rates are based on the most recent CalPERS mortality table developed in 1997-2011CalPERS Experience Study, with generational future improvement using scale MP-2014.

The actuarial assumption is used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Nominal Return	Expected Volatility
Cash	0.99%	3.2%	2.0%
Domestic equity	66.96%	9.7%	19.5%
Fixed income	32.05%	3.7%	5.0%

Discount rate. The discount rate used to measure the total pension liability was 6.5 percent. The project cash flow used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Liability (In thousands):

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability/(Asset) (c) = (a) - (b)**
Balance at 06/30/13	**$ 27,003**	**$ 26,805**	**$ 198**
Changes of the year:			-
Service cost	1,557	-	1,557
Interest at 6.5%	1,800	-	1,800
Differences between expected and actual experience	1,146	-	1,146
Contributions - employer	-	956	(956)
Contributions - employee	-	1,394	(1,394)
Net investment income at 16.5%	-	4,437	(4,437)
Benefit payments, including refunds of employee contributions	(1,762)	(1,762)	-
Administrative expense	-	(228)	228
Other changes	-	-	-
Net changes	2,741	4,797	(2,056)
Balance at 06/30/14	**$ 29,744**	**$ 31,602**	**$ (1,858)**

Changes in Assumptions and Methods since the Prior Valuation

1) Mortality – mortality table changed from Internal Revenue Service (IRS) small plan combined table (projection of RP2000 Mortality) plus generational mortality improvements using scale AA to RP-2014 combined annuitant/non-annuitant mortality table with MP-2014 mortality projection scale.

2) Demographic Rates (retirement, termination, mortality) for Full-time Actives were changed to be based on the most recent CalPERS rates developed in the 1997-2011 Experience Study for Miscellaneous.

3) Value of Assets – for funding contribution, assets are adjusted for differences between actual and expected earnings, which are amortized over a 5 year period.

4) Administrative Expenses – increased from $200,000 to $225,000 per year to reflect most recent experience

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.5 percent, as well as what the County's net pension liability would be if it were using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate (In thousands):

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
County's net pension liability	$ 3,130,512	$ (1,857,698)	$ (5,785,600)

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension plan fiduciary net position

Statement of Fiduciary Net Position
June 30, 2015

ASSETS	Pension Trust
Cash and investments	$ 31,689
Accounts receivable	104
Total assets	31,793
LIABILITIES	
Accounts payable	-
Total liabilities	-
NET POSITION	
Held in trust for pension benefits	$ 31,793

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2015

ADDITIONS:	
Contribution to pension trust:	
Employer	$ 529
Employee	1,266
Interest and investment income	204
Total additions	1,999
DEDUCTIONS:	
Benefits paid to participants	1,803
Total deductions	1,803
Change in net position	196
Net position held in trust, beginning of the year	31,597
Net position held in trust, end of the year	$ 31,793

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB Statement No. 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 inflows of resources and deferred outflows of resources elated to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

Recognition of Gains and Losses (Continued)

The EARSL is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the 2013-14 measurement period is 8.04 years, which was obtained by dividing the total service years of 68,541 (the sum of remaining service lifetimes of the active employees) by 8,525 (total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members’ probability of decrementing due to an event other than receiving cash refund.

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year-ended June 30, 2015, the County recognized pension expense of $54.0 thousand. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (In thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,003	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(2,146)
Contributions subsequent to measurement date recognized as deferred outflows of resources (GASB Statement No. 71)	529	-
Total	$ 1,532	$ (2,146)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows (In thousands):

Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	$ (394)
2017	(394)
2018	(394)
2019	(394)
2020	143
Thereafter	290

Payable to the Pension Plan

At June 30, 2015, there is no outstanding amount of contributions payable to the pension plan required for the year ended June 30, 2015.

NOTE 22 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Descriptions

The County and its Special Districts: Flood Control, Park District, and Waste Resources offer post employment benefits to eligible County retirees. Benefit provisions are established and amended through negotiations between the County and the various bargaining units.

The post employment benefits provide:

- The County provides retiree medical benefits for eligible retirees enrolled in County sponsored plans. The benefits are provided in the form of:
    - Monthly County contributions toward the retiree's medical premium, and
    - Monthly contributions of $25 per month to the Riverside Sheriffs' Association (RSA) Benefit Trust for RSA law enforcement retirees.
- Previously, the County allowed certain retirees to receive coverage prior to age 65 by paying premiums that were developed by blending active and retiree costs, which resulted in an implicit subsidy to retirees. The implicit subsidy has been discontinued since January 1, 2011.

A qualified Internal Revenue Code Section 115 Trust has been established for the County and Special Districts, with the exception of Waste Resources, with the California Employers' Retiree Benefit Trust (CERBT) for the purpose of receiving employer contributions that will prefund health and other post employment costs for retirees and their beneficiaries. The CERBT administers each plan's assets and issues a financial report available for public review, which includes financial statements and required supplementary information for the trust fund. The CERBT report may be obtained from CalPERS Affiliate Programs Services Division, CERBT (OPEB), P.O. Box 1494 Sacramento, CA 95812-1494.

NOTE 22 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funding Policy and Annual OPEB Cost

It is the policy of the County, along with the special districts (Park District and Flood Control) to fully contribute an amount at least equal to the Annual Required Contribution (ARC), as determined by the Post Retirement Benefits Actuarial Valuation for each trust. To facilitate funding for the ARC, the County has developed a rate structure. It is the policy of the Waste Resources to fund the ARC on a pay-as-you-go basis.

Contribution requirements of the plan members and the County are established and may be amended through negotiations between the County and the respective bargaining units. The liabilities and annual cost due to the County's contractual agreements to assist with retiree health care cost are calculated in accordance with Government Accounting Standards Board (GASB) Statement No. 45. GASB requires an Annual Required Contribution (ARC) to be developed each year based on the Plan's assets and liabilities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over 30 years (12 years for Waste Resources).

The County's annual OPEB cost for the current year and the related information for each plan are as follows (In thousands, except for contribution rates):

	County	Flood Control	Park District	Waste Resources
Contribution rates:				
County	Bargaining Unit Determined $25-$256	Bargaining Unit Determined $25-$256	Bargaining Unit Determined $25-$256	Bargaining Unit Determined $25-$256
Plan members	$528-$1,323	$528-$1,323	$528-$1,323	$528-$1,323
Annual required contribution	$ 1,346	$ 3	$ -	$ 140
Interest on net OPEB obligation	(2,051)	(44)	(21)	3
Adjustment to annual required contribution	1,647	11	17	(126)
Annual OPEB cost	942	(30)	(4)	17
Contributions made	(4,396)	(25)	(9)	(3)
Increase in net OPEB obligation (asset)	(3,454)	(55)	(13)	14
Net OPEB obligation (asset) beginning of year	(25,944)	(577)	(299)	126
Net OPEB obligation (asset) end of year	$ (29,398)	$ (632)	$ (312)	$ 140

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years for each of the plans were as follows (In thousands):

	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
County	06/30/13	$ 2,272	220.6 %	$ (25,575)
	06/30/14	1,974	118.7	(25,944)
	06/30/15	942	466.7	(29,398)
Flood Control	06/30/13	13	530.8	(539)
	06/30/14	12	416.7	(577)
	06/30/15	(30)	83.3	(632)
Park District	06/30/13	(4)	100.0	(285)
	06/30/14	(5)	180.0	(299)
	06/30/15	(4)	225.0	(312)
Waste Resources	06/30/13	117	3.4	113
	06/30/14	16	18.8	126
	06/30/15	17	17.7	140

NOTE 22 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress

The following is funded status information for each plan as of July 1, 2014, which is the most recent actuarial valuation date (In thousands):

	County	Flood Control	Park District	Waste Resources
Actuarial accrued liability (a)	$ 40,121	$ 479	$ 132	$ 982
Actuarial value of plan assets (b)	34,098	532	259	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	$ 6,023	$ (53)	$ (127)	$ 982
Funded ratio (b) / (a)	85.0%	111.1%	196.2%	0.0%
Covered payroll (c)	$ 1,152,127	$ 16,297	$ 4,607	$ 2,495
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(a) - (b)] / (c))	0.5%	-0.3%	-2.8%	39.4%

Actuarial valuations are estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the Annual Required Contributions (ARC) of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are projected about the future. The required schedule of funding progress, presented as required supplementary information, provides multi-year trend information reflecting whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the plan members. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant costing methods and projected assumptions were as follows:

	County	Flood Control	Park District	Waste Resources
Actuarial valuation date	7/1/2014	7/1/2014	7/1/2013	7/1/2012
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of Payroll, open	Level percentage of Payroll, open	Level percentage of Payroll, open	Level percentage of Payroll, close
Remaining amortization period	30 years	30 years	30 years	12 years
Actuarial assumptions:				
Investment rate of return	7.3%	7.3%	7.4%	4.5%
Projected salary increases	3.0%	3.0%	3.0%	3.0%
Healthcare inflation rate (initial)	5.0%	10.0%	10.0%	10.0%
Healthcare inflation rate (ultimate)	4.0%	5.0%	5.0%	5.0%
Inflation rate	2.8%	2.8%	2.8%	3.0%

NOTE 23 – COMMITMENTS AND CONTINGENCIES

Lawsuits and Other Claims

The County has been named as a defendant in various lawsuits and claims arising in the normal course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the County, such loss has been accrued in the accompanying basic financial statements. In the opinion of management, the ultimate outcome of these claims will not materially affect the operations of the County.

Property Tax Administration Fee

On July 7, 2010, the Court of Appeal of the State of California issued a decision in favor of the cities and against the County of Los Angeles in a case brought by 47 cities regarding the calculation of Property Tax Administration Fees (PTAF). The legal issue in dispute is whether counties can include “flip” and “swap” revenues in the calculation of administrative costs that counties recover from cities. At the trial court level, the court-appointed Referee had concluded that the County of Los Angeles’ calculation of the PTAF starting in fiscal year 2006-07 comported with Section 97.75 of California’s Revenue and Taxation Code. The Court of Appeal reversed the judgment and remanded for further proceedings, holding that the County of Los Angeles’ method of calculating its fee under Section 97.75 was unlawful. It is expected that the County of Los Angeles will petition the California Supreme Court for review. In the opinion of management, the decision to the case is significant for the County of Riverside because of similar claims against this County. The potential financial impact to the County related to the outcome of this case averages approximately $7.2 million in tax administration fees for fiscal year 2006-07 through fiscal year 2011-12. There was no outstanding balance as total payments were completed as of June 30, 2015.

County of Riverside Redevelopment Successor Agency

It is reasonably possible that the State Department of Finance could invalidate some but not all of the obligations reported on the Successor Agency’s Recognized Obligation Payment Schedule (ROPS). Sec. 34171 (d) (1) of the Health and Safety Code recognizes bonds as enforceable obligations, as defined by Section 33602 and bonds issued pursuant to Section 58383 of the Government Code, including the required debt service. The majority of the total outstanding obligations reported on the ROPS of the Successor Agency to the RDA (92.0%) consist of bond debt service payments. The range of potential loss of revenue is only between $0 to $126.6 million spread over the remaining life of the Successor Agency through 2045.

Federal Grant Revenue

Compliance examinations for the fiscal year ended June 30, 2014, identified certain items of noncompliance with Federal grants and regulations. The total amount of expenditures that could be disallowed by the granting agencies cannot be determined at this time; however, County management does not expect such amounts, if any, to be material to the basic financial statements. The fiscal year 2014-15 Single Audit of federal awards report is expected to be submitted to the Federal Audit Clearinghouse on or before March 31, 2016.

Commitments

At June 30, 2015 the County had various non-cancelable contracts and construction-in-progress with outside contractors. These contracts were financed through either the general fund or capital projects funds. $458.4 million will be payable upon future performance under the contracts.

Landfill Construction and Consulting Contracts

The Waste Resources Department entered into various construction and consulting contracts to facilitate its landfill operations and is in the process of installing landfill liners at Lamb Canyon in accordance with State and Federal laws and regulations. Waste Resources has completed the installation of both of the planned landfill liners and does not anticipate the need for any additional liner expansion projects in the next five year.

NOTE 23 – COMMITMENTS AND CONTINGENCIES (Continued)

Remediation Contingencies

Governmental Funds

Release of gasoline and diesel fuel has been reported at seven underground storage tanks. Orders have been issued by the California Regional Water Quality Control Board (CRWQCB) to assess and cleanup these sites by specific dates. It has determined the remediation plan and monitoring action are required. In addition to groundwater contamination, asbestos has been found in six facilities. As of June 30, 2015 the governmental activities reflect a $2.0 million accrued remediation liability (Note 14). The liability has been calculated using the expected cash flow technique. The liability is subject to change over time. Cost may vary due to price fluctuations, changes in technology, results of environmental studies, changes to statue or regulations and other factors that could result in revisions to these estimates.

Enterprise Funds

Waste Resources Department has established restricted cash funds to set aside for future remediation costs as they are required to be performed. Investments of $29.9 million are held for these purposes at June 30, 2015 and are classified as accrued remediation in the statements of net position.

The Department is aware of air/gas contamination at 17 landfills, 11 of which are closed, and required to have corrective action plans. Based on engineering studies, Waste Resources estimates the present value of the total costs of corrective action for foreseeable contaminate releases at $36.1 million. At June 30, 2015, the Department has accrued $29.9 million for the estimated costs required by CalRecycle and the Regional Water Quality Control Board (RWQCB), related to the outstanding remediation projects as needed at these landfills.

In addition to the liability amounts calculated per CalRecycle regulations that are designated to the Escrow Funds, the Department is also responsible for the corrective action costs related to Nineteen (19) other landfill sites that have been inactive or closed since before 1988. Liability for these sites fluctuates dependent on the needs of each site and changes to or the implementation of laws and regulations. As of June 30, 2015 the corrective action is estimated at $3,635,522.

NOTE 23 – COMMITMENTS AND CONTINGENCIES (Continued)

Encumbrances

The County uses "encumbrances" to control expenditure commitments for the year. Encumbrances represent commitments related to executor contracts not yet performed and purchases orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the sources(s) of funding, encumbrances are reported as part of restricted or assigned fund balance on the governmental funds balance sheet. As of June 30, 2015, the encumbrance balances for the governmental funds are reported as follows (In thousands):

	Restricted	Assigned	Total
Major Governmental Funds			
General Fund:			
Capital improvement projects	$ -	$ 289	$ 289
Community improvement	-	53	53
Other purposes	-	520	520
Probation	-	1,989	1,989
Public health	-	863	863
Registrar of voters	-	112	112
Sheriff correction	-	1,318	1,318
Transportation:			
Equipment	655	-	655
Roads	-	578	578
Public Facilities Improvements Capital Projects:			
Capital improvement projects	-	952	952
Nonmajor Governmental Funds			
Special Revenue Funds:			
Parks	125	-	125
Public health	253	-	253
Sheriff correction	215	-	215
Total Encumbrances	**$ 1,248**	**$ 6,674**	**$ 7,922**

NOTE 24 – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANs)

On July 1, 2015, the County issued $250.0 million in Tax and Revenue Anticipation Notes in the form of a 2016 Maturity bond due June 30, 2016. The stated interest rate for the bond is set at 2.0% per annum with a yield of 0.3%. In accordance with California law, the TRANs bonds are general obligations of the County and are payable only out of the taxes, income, revenues, cash receipts, and other monies of the County attributable to fiscal year 2016 and legally available for payment thereof. Proceeds for the bonds will be used for fiscal year 2016 general fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

Riverside County Bonds and Certificates of Participation

On September 2015, Fitch, one of the three major credit ratings, has assigned the County's bonds and certificates of participation ratings as follows:

- Riverside County implied general obligation (GO) bond rating at 'AA-',
- Riverside County pension obligation bonds (POB-series 2005A) at 'A+'.
- Riverside County certificates of participation (COPs-, 2005A, 2005B, 2007A, 2007B, 2009) at 'A+'.
- Riverside County Asset Leasing Corporation certification of participation (CORAL- COPS/series 2006A and lease revenue bonds (LRBs), series 1997A, 1997B, 1997C, 2013A) at 'A+'.
- Riverside County Public Financing Authority (LRBs) (series 2012) at 'A+'.
- Southwest Communities Financing Authority lease revenue bonds (LRBs) (series 2008A) at 'A+'.

NOTE 24 – SUBSEQUENT EVENTS (Continued)

Riverside County Bonds and Certificates of Participation (Continued)

Fitch's reasoning is summarized in the following paragraphs:

The County's economy is large, diverse, and well-situated for growth given its proximity to large southern California Employment markets, competitive home prices and the availability of developable land. As a high-growth region with less maturity than its coastal neighbors, the County is likely to experience higher than average economic volatility over the foreseeable future.

The County's housing market was one of the worst-affected in the nation, with average home values falling over 50%, although assessed value (AV) contracted by a lower 15.7% in fiscal years 2009-2013 due to Proposition 13. Recently, the housing market has improved significantly, large price gains and gradually increasing new construction permits.

AV also continues its recovery with solid gains of 3.9%, 7.7%, and 5.8% in fiscal years 2014-2016, bringing AV to just below its pre-Recessionary peak. The County's third-party economist projects 6% annual AV growth over the next five years, though the County uses a more conservative but still sizable 5% assumption in its financial forecast.

Regional Medical Center's (RMC) financial position improved markedly over the past year. The enterprise has enhanced operating performance through improved efficiencies and better revenue cycle management with the assistance of Huron Consulting and a permanent management team in place.

RMC's fiscal position deteriorated substantially until recently, running cash flow deficits from fiscal years 2010–2014 ranging from $8 million–$43 million annually. The enterprise's cash position deteriorated in lockstep, necessitating a $41 million borrowing from the County pool by fiscal year-end 2014, in addition to a $26 million loan from the County's Waste Resources enterprise to pay consultant fees.

In response to these pressures, the County instituted a rapid turnaround plan with the assistance of Huron Consulting Services. Major elements of the plan included replacing key members of hospital management with experienced turn-around experts, significantly lowering ongoing expenditures, improving collections and implementing a business plan to address challenges from the Affordable Care Act.

As a result of the hospital's turnaround plan, financial performance at RMC has improved dramatically and rapidly. Unaudited fiscal year-to-date performance to March 31 points to operating income of $23 million, with the expectation that the enterprise's $41 million cash deficit will be lowered to between $0 and $10 million by the end of the fiscal year. The operating income includes $17 million of net nonrecurring revenues.

The enterprise will need to absorb significant costs related to the implementation of electronic medical records and salary and benefit increases and faces execution risks as it looks to transform itself into a competitive regional healthcare provider. The system is further exposed to the scheduled expiration of the waiver, which could significantly affect reimbursement levels in the event that it is not extended or replaced, as management anticipates.

Teeter Obligation Notes, Series D and E

On October 15, 2015, the County issued $87.0 million in 2015 Teeter Obligation Notes, series D (Tax-Exempt) to refund a portion of the outstanding 2014 Teeter Obligation Notes, series D, and fund an advance of unpaid property taxes for agencies participating in the County's Teeter plan, and to pay the cost of issuance related to the Notes. The 2015 Notes bear an interest rate of 2.0% f or 2015 Teeter Obligation Note, series D and a maturity date of October 12, 2016, when the existing Letter of Credit will expire.

NOTE 24 – SUBSEQUENT EVENTS (Continued)

The Effects of the Economy on CalPERS

Based on past performance of the CalPERS fund, CalPERS has estimated the County's miscellaneous and safety contribution rates for fiscal year 2015-16 will be 15.4% and 23.6%, respectively. Fiscal year 2016-17 contribution rates for miscellaneous and safety are estimated at 17.0% and 27.4%, respectively. They will be accounted for in fiscal year 2014-15 and future budget years.

CORAL

On November 1, 2015, the Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds, Series 2015 A (Capital Improvement Projects Refunding) were issued by the County Infrastructure Financing Authority to (i) refund approximately $86.4 million aggregate principal amounts for the outstanding certificates of participation for the series 2005 A Capital Improvement Project; (ii) pay the costs of issuance of the Series 2015 A Bonds.

Housing Authority

Housing Authority of the County adopted the subsequent events topic of the GASB accounting standards, which require disclosure of the date through which subsequent events have been evaluated. Management performed an evaluation of the Authority's activity through, the audit report date, and has concluded that the following pertinent information should be disclosed.

The Housing Authority is currently working on applications to take part in the Rental Assistance Demonstration Program (RAD), which is voluntary program of the Department of Housing, the Urban Development (HUD). RAD seeks to preserve public housing by providing Public Housing Agencies, such as the Housing Authority, with access to more stable funding to make needed improvements to properties, RAD provides a way to rehabilitate, or repair, units without depending on additional money from the public sector.

The Housing Authority currently owns and operates 469 units of affordable housing with the County of Riverside. Funding to maintain these units is derived from the public housing program. The public housing program has continued to be underfunded through the years with additional budget cuts to the capital fund program that provides the income source for the modernization of public housing units. This dilemma has forced preventive maintenance. Therefore, the RAD would provide an opportunity for the Housing Authority to convert projects funded under the public housing program to long-term, project-based Section 8 rental assistance contracts, through the project-based voucher component of the RAD.

Regional Park and Open Space District

On July 9, 2015, the Board of Supervisors authorized the transfer of Fund 33200 (Perret Park) from the Economic Development Agency to the District. This transfer includes all assets, liabilities, and the related fund balance, in addition to full ownership and rights to the related tax revenues.

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REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2015

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS DURING MEASUREMENT PERIOD

(Dollar amounts in thousands)

Agent Multiple Employer Plan

	County Misc.	County Safety	Flood Control
Measurement Period	**2013-14** (1)	**2013-14** (1)	**2013-14** (1)
Total pension liability			
Service cost	$ 158,164	$ 77,706	$ 2,659
Interest	377,221	181,393	10,889
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(195,420)	(91,921)	(6,007)
Net change in total pension liability	339,965	167,178	7,541
Total pension liability - beginning	5,048,239	2,425,684	146,854
Total pension liability - ending (a)	$ 5,388,204	$ 2,592,862	$ 154,395
Plan fiduciary net position			
Contributions - employer	$ 134,673	$ 72,947	$ 2,793
Contributions - employee	69,872	28,396	1,394
Net investment income	666,911	312,502	17,670
Benefit payments, including refunds of employee contributions	(195,420)	(91,921)	(6,007)
Other Changes in Fiduciary Net Position	-	-	-
Net change in plan fiduciary net position	676,036	321,924	15,850
Plan fiduciary net position - beginning	3,804,999	1,779,847	102,534
Plan fiduciary net position - ending (b)	$ 4,481,035	$ 2,101,771	$ 118,384
Plan's net position liability - ending (a) - (b)	$ 907,169	$ 491,091	$ 36,011
Plan fiduciary net position as a percentage of the total pension liability	83.2%	81.1%	76.7%
Covered-employee payroll	$ 842,865	$ 279,508	$ 15,385
Plan's net pension liability as a percentage of covered-employee payroll	107.6%	175.7%	234.1%

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes for which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of assumptions: There were no changes in assumptions.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2015
SCHEDULE OF PLAN CONTRIBUTIONS
(Dollar amounts in thousands)

Agent Multiple Employer Plan

	County Misc.	County Safety	Flood Control
Fiscal year	2013-14*	2013-14*	2013-14*
Actuarial determined contribution	$ 131,378	$ 71,295	$ 2,793
Contributions in relation to the actuarially determined contribution	(134,673)	(72,947)	(2,793)
Contribution deficiency (excess)	$ (3,295)	$ (1,652)	$ -
Covered-employee payroll	$ 842,865	$ 279,508	$ 15,385
Contributions as a percentage of covered-employee payroll	16.0%	26.1%	18.2%

* Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2013-14 were from the June 30, 2011 public agency valuations.

	County Miscellaneous	County Safety	Flood Control
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll, Open	Level Percent of Payroll, Open	Level Percent of Payroll, Open
Remaining amortization period	32 years as of the Valuation Date	25 years as of the Valuation Date	25 years as of the Valuation Date
Asset valuation method	15-year Smoothed Market	15-year Smoothed Market	15-year Smoothed Market
Inflation	2.8%	2.8%	2.8%
Salary increases	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service
Payroll growth	3.0%	3.0%	3.0%
Investment rate of return*	7.5%	7.5%	7.5%

The Retirement Age is determined by the probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.

The Mortality is based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* Net of Pension Plan Investment and Administrative Expense; includes inflation.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2015
SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

As of the Measurement Date
(Dollar amounts in thousands)

Cost Sharing Multiple Employer Plan

Measurement Period	**Park District** **2013-14** (1)	**Waste Resources** **2013-14** (1)
Plan's proportion of the net pension liability (asset)	0.09946%	0.13583%
Plan's proportionate share of the net pension liability (asset)	$ 6,189	$ 8,452
Plan's covered-employee payroll	$ 5,087	$ 2,518
Plan's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	121.7%	335.6%
Plan's proportion of fiduciary net position as a percentage of the Plan's total pension liability	81.8%	79.8%
Plan's proportionate share of aggregate employer contributions	$ 753	$ 900

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

SCHEDULE OF PLAN CONTRIBUTIONS
(Dollar amounts in thousands)

Cost Sharing Multiple Employer Plan

	Park District	**Waste Resources**
Fiscal year	2013-14*	2013-14*
Actuarial determined contribution	$ 796	$ 513
Contributions in relation to the actuarially determined contribution	(796)	(513)
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 5,087	$ 2,518
Contributions as a percentage of covered-employee payroll	15.6%	20.4%

*Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2015

SCHEDULE OF PLAN CONTRIBUTIONS (Continued)

(Dollar amounts in thousands)

Notes to Schedule

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes for which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of assumptions: There were no changes in assumptions.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS DURING MEASUREMENT PERIOD

(Dollar amounts in thousands)

Riverside County – Part-time and Temporary Help Retirement

Measurement Period	**2013-14**
Total pension liability	
Service cost	$ 1,557
Interest	1,800
Changes of benefit terms	-
Differences between expected and actual experience	1,146
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(1,762)
Net change in total pension liability	2,741
Total pension liability - beginning	27,003
Total pension liability - ending (a)	$ 29,744
Plan fiduciary net position	
Contributions - employer	$ 956
Contributions - employee	1,394
Net investment income	4,437
Benefit payments, including refunds of employee contributions	(1,762)
Administrative expense	(228)
Other	-
Net change in plan fiduciary net position	4,797
Plan fiduciary net position - beginning	26,805
Plan fiduciary net position - ending (b)	$ 31,602
Net position liability (asset) - ending (a) - (b)	$ (1,858)
Plan fiduciary net position as a percentage of the total pension liability	106.2%
Covered-employee payroll	$ 29,517
Net pension asset as a percentage of covered-employee	6.3%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS DURING MEASUREMENT PERIOD (Continued)

Notes to Schedule:

Changes of assumptions:

1) Mortality – mortality table changed from IRS small plan combined table (projection of RP2000 Mortality) plus generational mortality improvements using scale AA to RP-2014 combined annuitant/non-annuitant mortality table with MP-2014 mortality projection scale.

2) Demographic Rates (retirement, termination, mortality) for Full-time Actives were changed to be based on the most recent CalPERS rates developed in the 1997-2011 Experience Study for Miscellaneous.

3) Value of Assets – for funding contribution, assets are adjusted for differences between actual and expected earnings, which are amortized over a 5 year period.

4) Administrative Expenses – increased from $200,000 to $225,000 per year to reflect most recent experience

SCHEDULE OF PLAN CONTRIBUTIONS

(Dollar amounts in thousands)

Riverside County – Part-time and Temporary Help Retirement

	Fiscal year 2013-14
Actuarial determined contribution	$ 956
Contributions in relation to the actuarially determined contribution	(956)
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 29,517
Contributions as a percentage of covered-employee payroll	3.2%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

Notes to Schedule

Valuation date:	June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level-Dollar Projected Payroll
Remaining amortization period	20 –year Amortization of Unfunded Liability, plus Normal Cost, less expected Employee Contributions
Asset valuation method	Market Value

SCHEDULE OF PLAN CONTRIBUTIONS (Continued)

Inflation	3.0%
Salary increases:	3.0%
Investment rate of return	6.5% (net of administrative expense)
Retirement age	65
Mortality	*Actives* RP-2014 combined annuitant/non-annuitant mortality table with generational future improvement using scale MP-2014. *Full-time Actives (no longer accruing benefits)* Mortality rates are based on the most recent CalPERS mortality table developed in the 1997-2011 CalPERS Experience Study, with generational future improvements using scale MP-2014.

Age	Male	Female
30	0.05%	0.03%
40	0.08%	0.05%
50	0.16%	0.11%
60	0.35%	0.22%
70	1.77%	1.26%
80	5.28%	3.69%
90	16.19%	12.33%

OPEB – SCHEDULE OF FUNDING PROGRESS

(Dollars in Thousands)

County of Riverside

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2012	$ 22,572	$ 42,850	$ 20,278	52.68 %	$ 1,026,755	1.97 %
July 1, 2013	26,764	43,829	17,065	61.06	1,096,375	1.56
July 1, 2014	34,098	40,121	6,023	84.99	1,152,127	0.52

Flood Control and Water Conservation District

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2012	$ 269	$ 482	$ 213	55.81 %	$ 15,600	1.37 %
July 1, 2013	321	494	173	64.98	15,339	1.13
July 1, 2014	532	479	(53)	111.06	16,297	-0.33

OPEB – SCHEDULE OF FUNDING PROGRESS (Continued)

(Dollars in Thousands)

Regional Park and Open-Space District

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2009	$ 147	$ 144	$ (3)	102.08 %	$ 4,429	-0.07 %
July 1, 2011	232	139	(93)	166.91	4,871	-1.91
July 1, 2013 **	259	132	(127)	196.21	4,607	-2.76

**The most recent actuarial valuation. Actuarial valauations every two years.

Waste Resources Department

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2008 *	$ -	$ 658	$ 658	0.00 %	N/A	N/A
January 1, 2009	-	1,089	1,089	0.00	$ 3,302	32.98 %
July 1, 2012 **	-	982	982	0.00	2,495	39.36

*Estimate only.

**The most recent actuarial valuation. Actuarial valauations every three years.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND BUDGETARY SCHEDULES

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COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Teeter Debt Service Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings (loss)	$ -	$ -	$ 117	$ 117
Other revenue	3,506	1,144	259	(885)
Total revenues	3,506	1,144	376	(768)
EXPENDITURES:				
Current:				
General government	3,506	3,426	2,658	(768)
Total expenditures	3,506	3,426	2,658	(768)
Excess (deficiency) of revenues over (under) expenditures	-	(2,282)	(2,282)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,362	2,362	-
Transfers out	-	(80)	(80)	-
Total other financing sources (uses)	-	2,282	2,282	-
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ -	$ -

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Public Facilities Improvements Capital Projects Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings (loss)	919	919	531	(388)
Rents and concessions	360	360	352	(8)
Aid from other governmental agencies:				
State	-	-	473	473
Other	26,754	26,902	26,933	31
Charges for services	145,969	140,226	21,679	(118,547)
Other revenue	40,165	66,308	38,718	(27,590)
Total revenues	214,167	234,715	88,686	(146,029)
EXPENDITURES:				
Current:				
General government	208,835	215,419	56,377	(159,042)
Public ways and facilities	25,579	20,542	553	(19,989)
Total expenditures	234,414	235,961	56,930	(179,031)
Excess (deficiency) of revenues over (under) expenditures	(20,247)	(1,246)	31,756	33,002
OTHER FINANCING SOURCES (USES):				
Transfers in	-	9,661	9,661	-
Transfers out	-	(37,459)	(37,459)	-
Total other financing sources (uses)	-	(27,798)	(27,798)	-
NET CHANGE IN FUND BALANCE	(20,247)	(29,044)	3,958	33,002
Fund balance, beginning of year	134,663	134,663	134,663	-
FUND BALANCE, END OF YEAR	$ 114,416	$ 105,619	$ 138,621	$ 33,002

NONMAJOR GOVERNMENTAL FUNDS

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COUNTY OF RIVERSIDE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015
(Dollars in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:					
Assets:					
Cash and investments	$ 103,413	$ 11,666	$ 22,445	$ 567	$ 138,091
Accounts receivable	382	1,821	-	-	2,203
Interest receivable	30	47	12	-	89
Taxes receivable	1,251	-	-	-	1,251
Due from other governments	9,277	-	539	-	9,816
Due from other funds	219	-	-	-	219
Prepaid items	7	-	580	-	587
Restricted cash and investments	-	58,624	12,916	-	71,540
Total assets	114,579	72,158	36,492	567	223,796
Deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	$ 114,579	$ 72,158	$ 36,492	$ 567	$ 223,796
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts payable	$ 7,562	$ 211	$ 706	$ -	$ 8,479
Salaries and benefits payable	2,758	-	132	-	2,890
Due to other governments	755	-	-	-	755
Due to other funds	127	-	579	-	706
Deposits payable	321	-	-	-	321
Advances from grantors and third parties	2,034	-	-	-	2,034
Total liabilities	13,557	211	1,417	-	15,185
Deferred inflows of resources	4	-	-	-	4
Fund balances:					
Nonspendable	74	-	580	527	1,181
Restricted	80,438	68,311	19,683	40	168,472
Committed	4,402	-	-	-	4,402
Assigned	16,104	3,636	14,812	-	34,552
Total fund balances	101,018	71,947	35,075	567	208,607
Total liabilities, deferred inflows of resources, and fund balances	$ 114,579	$ 72,158	$ 36,492	$ 567	$ 223,796

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
REVENUES:					
Taxes	$ 56,869	$ -	$ -	$ -	$ 56,869
Licenses, permits and franchise fees	685	-	-	-	685
Fines, forfeitures and penalties	1,234	-	-	-	1,234
Use of money and property:					
Investment earnings (loss)	272	1,237	150	2	1,661
Rents and concessions	8,401	8,934	-	-	17,335
Aid from other governmental agencies:					
Federal	61,980	-	-	-	61,980
State	5,422	-	636	-	6,058
Other	23,392	-	-	-	23,392
Charges for services	31,755	2,015	3,024	30	36,824
Other revenue	11,733	9,088	932	-	21,753
Total revenues	201,743	21,274	4,742	32	227,791
EXPENDITURES:					
Current:					
General government	16,977	3,529	768	-	21,274
Public protection	7,436	-	-	-	7,436
Public ways and facilities	12,898	-	-	-	12,898
Health and sanitation	4,498	-	-	-	4,498
Public assistance	62,789	-	-	-	62,789
Education	20,165	-	-	-	20,165
Recreation and culture	20,824	-	2,575	-	23,399
Debt service:					
Principal	-	75,158	-	-	75,158
Interest	-	39,898	-	-	39,898
Cost of issuance	-	950	-	-	950
Capital outlay	-	-	11,445	-	11,445
Total expenditures	145,587	119,535	14,788	-	279,910
Excess (deficiency) of revenues over (under) expenditures	56,156	(98,261)	(10,046)	32	(52,119)
OTHER FINANCING SOURCES (USES):					
Transfers in	19,210	78,935	150	-	98,295
Transfers out	(72,601)	(340,408)	(1,303)	-	(414,312)
Issuance of debt	-	325,000	-	-	325,000
Premium on long-term debt	-	26,276	-	-	26,276
Total other financing sources (uses)	(53,391)	89,803	(1,153)	-	35,259
NET CHANGE IN FUND BALANCES	2,765	(8,458)	(11,199)	32	(16,860)
Fund balances, beginning of year	98,253	80,405	46,274	535	225,467
FUND BALANCES, END OF YEAR	$ 101,018	$ 71,947	$ 35,075	$ 567	$ 208,607

SPECIAL REVENUE FUNDS

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COUNTY OF RIVERSIDE

SPECIAL REVENUE FUNDS

These funds were established for the purpose of accounting for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted in expenditures for the specified purposes.

COMMUNITY SERVICES

This fund provides financing for public services. Public services provided by this fund group are: Housing and Urban Development (HUD) Community Services Grant, EDA Administration, Community Action Partnership, Job Training Partnership, Office on Aging, USEDA (United States Economic Development Administration) Grant, County Free Library, Structural Fire Protection, Homeless Housing Relief, Home Program, EDA U.S. Department of Agriculture Rural Development, Workforce Development, Healthy Kids, and Bio-terrorism Preparedness. The primary source of revenue for this fund is from State/Federal Grants.

COUNTY SERVICE AREAS

This county service area fund was established to provide authorized services such as road, park, lighting maintenance, fire protection, or water to specified areas in the County. They are financed by ad valorem property taxes in the area benefited, or by special assessments levied on specific properties.

REGIONAL PARK AND OPEN-SPACE

The Regional Park and Open-Space District is a special district established to provide legal authority and expanded opportunity for open space acquisition and management and transferred regional park responsibility from the County to the Regional Park and Open-Space District.

AIR QUALITY IMPROVEMENT

This fund accounts for Riverside County's portion of State of California motor vehicle fees restricted for the use of reducing air pollution.

IN-HOME SUPPORT SERVICES (IHSS)

The goal of the IHSS program is to enable elderly and/or disabled persons to remain safely in independent living as long as possible. This in-home assistance is designed to allow persons to remain in their home rather than be placed in an institutional setting. IHSS receives revenue for the following services: meal preparation and clean-up, food shopping, bathing, dressing, personal care, domestic services (cleaning), and assistance with medications.

PERRIS VALLEY CEMETERY DISTRICT

The Perris Valley Cemetery District is a public cemetery district operating under the provisions of the Health and Safety Code of the State of California. The Perris Valley Cemetery District was created in July 1927 for the purpose operating a public cemetery for the residents of the Perris Valley.

OTHER SPECIAL REVENUE

This fund provides financing to make services available to the public and governmental agencies. At the current time, the other special revenue fund accounts for the following services: Rideshare, AD CFD Administration, Aviation, Ladera Irrigation, National Date Festival, Cal-ID, Special Aviation, Supervisorial Road Districts, Multi-Species Habitat Conservation Agency, Riverside U.S. Grazing Fees, Mitigation Project Operations, Airport Land Use Commission, Proposition 10, and DNA Identification.

COUNTY OF RIVERSIDE
Combining Balance Sheet
Special Revenue Funds
June 30, 2015
(Dollars in Thousands)

	Community Services	County Service Areas	Regional Park and Open-Space	Air Quality Improvement
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Cash and investments	$ 44,632	$ 21,215	$ 11,987	$ 159
Accounts receivable	58	-	280	-
Interest receivable	5	10	6	-
Taxes receivable	996	149	90	-
Due from other governments	7,780	-	285	117
Due from other funds	210	-	-	-
Prepaid items	7	-	-	-
Total assets	53,688	21,374	12,648	276
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	$ 53,688	$ 21,374	$ 12,648	$ 276
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts payable	$ 4,425	$ 52	$ 798	$ -
Salaries and benefits payable	1,239	200	816	-
Due to other governments	625	-	10	10
Due to other funds	-	-	-	-
Deposits payable	1	31	-	-
Advances from grantors and third parties	1,260	-	728	-
Total liabilities	7,550	283	2,352	10
Deferred inflows of resources	-	-	-	-
Fund balances (Note 16):				
Nonspendable	35	1	20	-
Restricted	41,361	21,083	23	266
Committed	3,810	-	-	-
Assigned	932	7	10,253	-
Total fund balances	46,138	21,091	10,296	266
Total liabilities, deferred inflows of resources, and fund balances	$ 53,688	$ 21,374	$ 12,648	$ 276

In-Home Support Services	Perris Valley Cemetery District	Other Special Revenue	Total	
				ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:
				Assets:
$ 1,163	$ 627	$ 23,630	$ 103,413	Cash and investments
-	-	44	382	Accounts receivable
1	-	8	30	Interest receivable
-	4	12	1,251	Taxes receivable
968	-	127	9,277	Due from other governments
-	-	9	219	Due from other funds
-	-	-	7	Prepaid items
2,132	631	23,830	114,579	Total assets
-	-	-	-	Deferred outflows of resources
$ 2,132	$ 631	$ 23,830	$ 114,579	Total assets and deferred outflows of resources
				LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:
				Liabilities:
$ -	$ 22	$ 2,265	$ 7,562	Accounts payable
163	-	340	2,758	Salaries and benefits payable
109	-	1	755	Due to other governments
-	-	127	127	Due to other funds
-	289	-	321	Deposits payable
-	-	46	2,034	Advances from grantors and third parties
272	311	2,779	13,557	Total liabilities
-	4	-	4	Deferred inflows of resources
				Fund balances (Note 16):
5	-	13	74	Nonspendable
1,855	316	15,534	80,438	Restricted
-	-	592	4,402	Committed
-	-	4,912	16,104	Assigned
1,860	316	21,051	101,018	Total fund balances
$ 2,132	$ 631	$ 23,830	$ 114,579	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Community Services	County Service Areas	Regional Park and Open-Space	Air Quality Improvement
REVENUES:				
Taxes	$ 50,610	$ 704	$ 4,487	$ -
Licenses, permits, and franchise fees	-	-	-	-
Fines, forfeitures, and penalties	445	-	-	-
Use of money and property:				
Investment earnings (loss)	72	77	44	1
Rents and concessions	1,354	1	984	-
Aid from other governmental agencies:				
Federal	60,612	-	-	-
State	3,156	9	339	532
Other	20,208	414	714	-
Charges for services	1,481	9,521	9,606	-
Other revenue	10,898	14	237	-
Total revenues	148,836	10,740	16,411	533
EXPENDITURES:				
Current:				
General government	9,575	-	-	-
Public protection	-	68	579	311
Public ways and facilities	-	6,384	-	-
Health and sanitation	3,731	766	-	-
Public assistance	59,780	-	-	-
Education	20,165	-	-	-
Recreation and culture	35	889	19,900	-
Total expenditures	93,286	8,107	20,479	311
Excess (deficiency) of revenues over (under) expenditures	55,550	2,633	(4,068)	222
OTHER FINANCING SOURCES (USES):				
Transfers in	10,054	2,616	3,803	-
Transfers out	(60,763)	(4,909)	(1,024)	(232)
Total other financing sources (uses)	(50,709)	(2,293)	2,779	(232)
NET CHANGE IN FUND BALANCES	4,841	340	(1,289)	(10)
Fund balances, beginning of year	41,297	20,751	11,585	276
FUND BALANCES, END OF YEAR	$ 46,138	$ 21,091	$ 10,296	$ 266

In-Home Support Services	Perris Valley Cemetery District	Other Special Revenue	Total	
				REVENUES:
$ -	$ 225	$ 843	$ 56,869	Taxes
-	-	685	685	Licenses, permits, and franchise fees
-	-	789	1,234	Fines, forfeitures, and penalties
				Use of money and property:
4	3	71	272	Investment earnings (loss)
-	-	6,062	8,401	Rents and concessions
				Aid from other governmental agencies:
1,276	-	92	61,980	Federal
1,315	3	68	5,422	State
-	22	2,034	23,392	Other
-	273	10,874	31,755	Charges for services
-	-	584	11,733	Other revenue
2,595	526	22,102	201,743	Total revenues
				EXPENDITURES:
				Current:
-	-	7,402	16,977	General government
-	448	6,030	7,436	Public protection
-	-	6,514	12,898	Public ways and facilities
-	-	1	4,498	Health and sanitation
3,009	-	-	62,789	Public assistance
-	-	-	20,165	Education
-	-	-	20,824	Recreation and culture
3,009	448	19,947	145,587	Total expenditures
(414)	78	2,155	56,156	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES):
662	-	2,075	19,210	Transfers in
(203)	(80)	(5,390)	(72,601)	Transfers out
459	(80)	(3,315)	(53,391)	Total other financing sources (uses)
45	(2)	(1,160)	2,765	NET CHANGE IN FUND BALANCES
1,815	318	22,211	98,253	Fund balances, beginning of year
$ 1,860	$ 316	$ 21,051	$ 101,018	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Community Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 49,741	$ 50,710	$ 50,610	$ (100)
Fines, forfeitures, and penalties	350	350	445	95
Use of money and property:				
Investment earnings (loss)	7	7	72	65
Rents and concessions	943	1,151	1,354	203
Aid from other governmental agencies:				
Federal	63,927	75,092	60,612	(14,480)
State	2,362	2,528	3,156	628
Other	19,044	19,044	20,208	1,164
Charges for services	8,875	3,027	1,481	(1,546)
Other revenue	12,489	8,965	10,898	1,933
Total revenues	157,738	160,874	148,836	(12,038)
EXPENDITURES:				
Current:				
General government	16,034	14,697	9,575	(5,122)
Public protection	50,621	3,004	-	(3,004)
Health and sanitation	3,071	7,860	3,731	(4,129)
Public assistance	69,952	72,552	59,780	(12,772)
Education	21,565	20,401	20,165	(236)
Recreation and culture	12	60	35	(25)
Total expenditures	161,255	118,574	93,286	(25,288)
Excess (deficiency) of revenues over (under) expenditures	(3,517)	42,300	55,550	13,250
OTHER FINANCING SOURCES (USES):				
Transfers in	-	10,054	10,054	-
Transfers out	-	(60,763)	(60,763)	-
Total other financing sources (uses)	-	(50,709)	(50,709)	-
NET CHANGE IN FUND BALANCE	(3,517)	(8,409)	4,841	13,250
Fund balance, beginning of year	41,297	41,297	41,297	-
FUND BALANCE, END OF YEAR	$ 37,780	$ 32,888	$ 46,138	$ 13,250

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
County Service Areas Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 696	$ 696	$ 704	$ 8
Use of money and property:				
Investment earnings (loss)	44	44	77	33
Rents and concessions	2	2	1	(1)
Aid from other governmental agencies:				
State	9	9	9	-
Other	115	115	414	299
Charges for services	12,940	10,419	9,521	(898)
Other revenue	650	555	14	(541)
Total revenues	14,456	11,840	10,740	(1,100)
EXPENDITURES:				
Current:				
Public protection	295	815	68	(747)
Public ways and facilities	13,049	12,148	6,384	(5,764)
Health and sanitation	800	800	766	(34)
Recreation and culture	2,908	2,981	889	(2,092)
Total expenditures	17,052	16,744	8,107	(8,637)
Excess (deficiency) of revenues over (under) expenditures	(2,596)	(4,904)	2,633	7,537
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,616	2,616	-
Transfers out	-	(4,909)	(4,909)	-
Total other financing sources (uses)	-	(2,293)	(2,293)	-
NET CHANGE IN FUND BALANCE	(2,596)	(7,197)	340	7,537
Fund balance, beginning of year	20,751	20,751	20,751	-
FUND BALANCE, END OF YEAR	$ 18,155	$ 13,554	$ 21,091	$ 7,537

COUNTY OF RIVERSIDE

Budgetary Comparison Schedule
Regional Park and Open-Space Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 4,155	$ 4,155	$ 4,487	$ 332
Use of money and property:				
Investment earnings (loss)	19	19	44	25
Rents and concessions	2,773	3,151	984	(2,167)
Aid from other governmental agencies:				
State	130	386	339	(47)
Other	460	460	714	254
Charges for services	8,921	9,278	9,606	328
Other revenue	2,053	462	237	(225)
Total revenues	18,511	17,911	16,411	(1,500)
EXPENDITURES:				
Current:				
Public protection	513	594	579	(15)
Recreation and culture	19,030	23,143	19,900	(3,243)
Total expenditures	19,543	23,737	20,479	(3,258)
Excess (deficiency) of revenues over (under) expenditures	(1,032)	(5,826)	(4,068)	1,758
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,803	3,803	-
Transfers out	-	(1,024)	(1,024)	-
Total other financing sources (uses)	-	2,779	2,779	-
NET CHANGE IN FUND BALANCE	(1,032)	(3,047)	(1,289)	1,758
Fund balance, beginning of year	11,585	11,585	11,585	-
FUND BALANCE, END OF YEAR	$ 10,553	$ 8,538	$ 10,296	$ 1,758

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Air Quality Improvement Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings (loss)	$ 1	$ 1	$ 1	$ -
Aid from other governmental agencies:				
State	511	511	532	21
Total revenues	512	512	533	21
EXPENDITURES:				
Current:				
Public protection	675	443	311	(132)
Total expenditures	675	443	311	(132)
Excess (deficiency) of revenues over (under) expenditures	(163)	69	222	153
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(232)	(232)	-
Total other financing sources (uses)	-	(232)	(232)	-
NET CHANGE IN FUND BALANCE	(163)	(163)	(10)	153
Fund balance, beginning of year	276	276	276	-
FUND BALANCE, END OF YEAR	$ 113	$ 113	$ 266	$ 153

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
In-Home Support Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property:				
Investment earnings (loss)	$ -	$ -	$ 4	$ 4
Aid from other governmental agencies:				
Federal	1,527	1,731	1,276	(455)
State	1,558	1,771	1,315	(456)
Charges for services	662	-	-	-
Total revenues	3,747	3,502	2,595	(907)
EXPENDITURES:				
Current:				
Public assistance	3,746	3,961	3,009	(952)
Total expenditures	3,746	3,961	3,009	(952)
Excess (deficiency) of revenues over (under) expenditures	1	(459)	(414)	45
OTHER FINANCING SOURCES (USES):				
Transfers in	-	662	662	-
Transfers out	-	(203)	(203)	-
Total other financing sources (uses)	-	459	459	-
NET CHANGE IN FUND BALANCE	1	-	45	45
Fund balance, beginning of year	1,816	1,815	1,815	-
FUND BALANCE, END OF YEAR	$ 1,817	$ 1,815	$ 1,860	$ 45

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Perris Valley Cemetery District Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 212	$ 212	$ 225	$ 13
Use of money and property:				
Investment earnings (loss)	1	1	3	2
Aid from other governmental agencies:				
State	3	3	3	-
Other	22	22	22	-
Charges for services	280	280	273	(7)
Total revenues	518	518	526	8
EXPENDITURES:				
Current:				
Public protection	676	596	448	(148)
Total expenditures	676	596	448	(148)
Excess (deficiency) of revenues over (under) expenditures	(158)	(78)	78	156
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(80)	(80)	-
Total other financing sources (uses)	-	(80)	(80)	-
NET CHANGE IN FUND BALANCE	(158)	(158)	(2)	156
Fund balance, beginning of year	318	318	318	-
FUND BALANCE, END OF YEAR	$ 160	$ 160	$ 316	$ 156

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Other Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 797	$ 797	$ 843	$ 46
License, permits, and franchise fees	680	680	685	5
Fines, forfeitures, and penalties	-	-	789	789
Use of money and property:				
Investment earnings (loss)	58	58	71	13
Rents and concessions	5,792	6,111	6,062	(49)
Aid from other governmental agencies:				
Federal	2,781	3,081	92	(2,989)
State	743	743	68	(675)
Other	1,440	2,032	2,034	2
Charges for services	13,474	12,344	10,874	(1,470)
Other revenue	1,967	1,221	584	(637)
Total revenues	27,732	27,067	22,102	(4,965)
EXPENDITURES:				
Current:				
General government	9,019	8,294	7,402	(892)
Public protection	7,281	7,106	6,030	(1,076)
Public ways and facilities	12,845	11,370	6,514	(4,856)
Health and sanitation	-	-	1	1
Total expenditures	29,145	26,770	19,947	(6,823)
Excess (deficiency) of revenues over (under) expenditures	(1,413)	297	2,155	1,858
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,075	2,075	-
Transfers out	-	(5,390)	(5,390)	-
Total other financing sources (uses)	-	(3,315)	(3,315)	-
NET CHANGE IN FUND BALANCE	(1,413)	(3,018)	(1,160)	1,858
Fund balance, beginning of year	22,211	22,211	22,211	-
FUND BALANCE, END OF YEAR	$ 20,798	$ 19,193	$ 21,051	$ 1,858

DEBT SERVICE FUNDS

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COUNTY OF RIVERSIDE

DEBT SERVICE FUNDS

These funds are used to account for the accumulation of resources and payment of long-term debt principal and interest.

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (CORAL)

CORAL is a non-profit public benefit corporation established to assist the County of Riverside by acquiring equipment and facilities financed from the proceeds of borrowing and leasing such equipment and facilities to the County.

COUNTY OF RIVERSIDE DISTRICT COURT FINANCING CORPORATION (DISTRICT COURT FINANCING CORPORATION)

The District Court Financing Corporation is a non-profit public benefit corporation established to assist the County of Riverside in the acquisition, construction, and development of a United States District Courthouse, financed from the proceeds of the sale of certificates.

COUNTY OF RIVERSIDE BANKRUPTCY COURT CORPORATION (BANKRUPTCY COURT)

The Bankruptcy Court is a non-profit public benefit corporation established to assist the County of Riverside in the acquisition, construction, and development of a United States Bankruptcy Court financed from the proceeds of the sale of certificates.

TAXABLE PENSION OBLIGATION BONDS (PENSION OBLIGATION)

This fund is used to account for Series 2005 bonds that were issued to satisfy a portion of Riverside County's unfunded accrued actuarial liability for the California Public Employees' Retirement System (CalPERS).

INLAND EMPIRE TOBACCO SECURITIZATION AUTHORITY

The Inland Empire Tobacco Securitization Authority was established to assist the County of Riverside in the construction of certain capital projects, financed from the proceeds of the tobacco settlement revenues.

PUBLIC FINANCING AUTHORITY

The Public Financing Authority was formed for the purpose of assisting in financing public improvements of the County, the Riverside County Redevelopment Successor Agency and other local agencies.

COUNTY OF RIVERSIDE

Combining Balance Sheet
Debt Service Funds
June 30, 2015
(Dollars in Thousands)

	CORAL	District Court Financing Corporation	Bankruptcy Court	Pension Obligation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Cash and investments	$ -	$ -	$ -	$ 11,666
Accounts receivable	-	-	-	1,821
Interest receivable	44	-	-	2
Restricted cash and investments	25,930	1,110	-	-
Total assets	25,974	1,110	-	13,489
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	$ 25,974	$ 1,110	-	$ 13,489
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts payable	$ 201	$ -	$ -	$ -
Total liabilities	201	-	-	-
Deferred inflows of resources	-	-	-	-
Fund balances (Note 16):				
Nonspendable	-	-	-	-
Restricted	25,773	1,110	-	9,853
Assigned	-	-	-	3,636
Total fund balances	25,773	1,110	-	13,489
Total liabilities, deferred inflows of resources, and fund balances	$ 25,974	$ 1,110	$ -	$ 13,489

Inland Empire Tobacco Securitization Authority	Public Financing Authority	Total	
			ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:
			Assets:
$ -	$ -	$ 11,666	Cash and investments
-	-	1,821	Accounts receivable
1	-	47	Interest receivable
19,571	12,013	58,624	Restricted cash and investments
19,572	12,013	72,158	Total assets
-	-	-	Deferred outflows of resources
$ 19,572	$ 12,013	$ 72,158	Total assets and deferred outflows of resources
			LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:
			Liabilities:
$ 10	$ -	$ 211	Accounts payable
10	-	211	Total liabilities
-	-	-	Deferred inflows of resources
			Fund balances (Note 16):
-	-	-	Nonspendable
19,562	12,013	68,311	Restricted
-	-	3,636	Assigned
19,562	12,013	71,947	Total fund balances
$ 19,572	$ 12,013	$ 72,158	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Funds
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	CORAL	District Court Financing Corporation	Bankruptcy Court	Pension Obligation
REVENUES:				
Use of money and property:				
Investment earnings (loss)	$ 349	$ 225	$ -	$ 659
Rents and concessions	5,307	2,235	-	-
Charges for services	-	-	-	2,015
Other revenue	-	-	-	-
Total revenues	5,656	2,460	-	2,674
EXPENDITURES:				
Current:				
General government	2,696	720	-	-
Debt service:				
Principal	49,040	1,718	7,290	14,045
Interest	15,956	87	205	16,334
Cost of issuance	30	-	-	-
Total expenditures	67,722	2,525	7,495	30,379
Excess (deficiency) of revenues over (under) expenditures	(62,066)	(65)	(7,495)	(27,705)
OTHER FINANCING SOURCES (USES):				
Transfers in	45,775	-	-	33,160
Transfers out	(673)	-	-	-
Issuance of debt	-	-	-	-
Premium on long-term debt	-	-	-	-
Total other financing sources (uses)	45,102	-	-	33,160
NET CHANGE IN FUND BALANCES	(16,964)	(65)	(7,495)	5,455
Fund balances, beginning of year	42,737	1,175	7,495	8,034
FUND BALANCES, END OF YEAR	$ 25,773	$ 1,110	$ -	$ 13,489

Inland Empire Tobacco Securitization Authority	Public Financing Authority	Total	
			REVENUES:
			Use of money and property:
$ 4	$ -	$ 1,237	Investment earnings (loss)
-	1,392	8,934	Rents and concessions
-	-	2,015	Charges for services
9,088	-	9,088	Other revenue
9,092	1,392	21,274	Total revenues
			EXPENDITURES:
			Current:
113	-	3,529	General government
			Debt service:
2,325	740	75,158	Principal
6,665	651	39,898	Interest
-	920	950	Cost of issuance
9,103	2,311	119,535	Total expenditures
(11)	(919)	(98,261)	Excess (deficiency) of revenues over (under) expenditures
			OTHER FINANCING SOURCES (USES):
-	-	78,935	Transfers in
-	(339,735)	(340,408)	Transfers out
-	325,000	325,000	Issuance of debt
-	26,276	26,276	Premium on long-term debt
-	11,541	89,803	Total other financing sources (uses)
(11)	10,622	(8,458)	NET CHANGE IN FUND BALANCES
19,573	1,391	80,405	Fund balances, beginning of year
$ 19,562	$ 12,013	$ 71,947	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Pension Obligation Bond Debt Service Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings (loss)	$ -	$ -	$ 659	$ 659
Charges for services	35,379	2,219	2,015	(204)
Total revenues	35,379	2,219	2,674	455
EXPENDITURES:				
Current:				
General government	5,000	5,000	-	(5,000)
Debt service:				
Principal	14,045	14,045	14,045	-
Interest	16,334	16,334	16,334	-
Total expenditures	35,379	35,379	30,379	(5,000)
Excess (deficiency) of revenues over (under) expenditures	-	(33,160)	(27,705)	5,455
OTHER FINANCING SOURCES (USES):				
Transfers in	-	33,160	33,160	-
Total other financing sources (uses)	-	33,160	33,160	-
NET CHANGE IN FUND BALANCE	-	-	5,455	5,455
Fund balance, beginning of year	8,034	8,034	8,034	-
FUND BALANCE, END OF YEAR	$ 8,034	$ 8,034	$ 13,489	$ 5,455

CAPITAL PROJECTS FUNDS

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COUNTY OF RIVERSIDE

CAPITAL PROJECTS FUNDS

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by Proprietary Fund Types.

PUBLIC SAFETY ENTERPRISE COMMUNICATION (PSEC)

The Public Safety Enterprise Communication fund is a multi-agency undertaking to address the County of Riverside 800 MHz public safety radio coverage and operational problems. The multi-year project will result in either a massive upgrade or a complete replacement of the existing radio system.

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (CORAL)

CORAL is a non-profit public benefit corporation established to assist the County of Riverside by acquiring equipment and facilities financed from the proceeds of borrowing and leasing such equipment and facilities to the County.

FLOOD CONTROL

This fund is used to finance the construction of flood control channels and projects. Revenues are obtained from property taxes, special assessments, and proceeds of tax allocation bonds.

REGIONAL PARK AND OPEN-SPACE

The Regional Park and Open-Space District is a special district established to provide legal authority and expanded opportunity for open space acquisition and management. The Regional Park and Open-Space District’s creation allowed for the transfer of regional park responsibility from the County to the District.

COUNTY OF RIVERSIDE ENTERPRISE SOLUTIONS FOR PROPERTY TAXATION (CREST)

The Assessor, Auditor-Controller, and Tax Collector teamed up to collectively develop a new integrated property tax management system. The project begins with a business process re-engineering phase that documents the integrated roles of the three departments. This phase identifies the current system’s capabilities, strengths, and weaknesses. A second phase of the project builds on this re-engineering initiative to implement a replacement property tax system based on new technology.

COUNTY OF RIVERSIDE
Combining Balance Sheet
Capital Projects Funds
June 30, 2015
(Dollars in Thousands)

	PSEC	CORAL	Flood Control
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Cash and investments	$ 253	$ -	$ 18
Interest receivable	-	-	-
Due from other governments	-	-	-
Prepaid items	580	-	-
Restricted cash and investments	-	12,916	-
Total assets	833	12,916	18
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	$ 833	$ 12,916	$ 18
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:			
Liabilities:			
Accounts payable	$ -	$ 217	$ -
Salaries and benefits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	-	217	-
Deferred inflows of resources	-	-	-
Fund balances (Note 16):			
Nonspendable	580	-	-
Restricted	-	12,699	18
Assigned	253	-	-
Total fund balances	833	12,699	18
Total liabilities, deferred inflows of resources, and fund balances	$ 833	$ 12,916	$ 18

Regional Park and Open-Space	CREST	Total	
			ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:
			Assets:
$ 7,086	$ 15,088	$ 22,445	Cash and investments
4	8	12	Interest receivable
539	-	539	Due from other governments
-	-	580	Prepaid items
-	-	12,916	Restricted cash and investments
7,629	15,096	36,492	Total assets
-	-	-	Deferred outflows of resources
$ 7,629	$ 15,096	$ 36,492	Total assets and deferred outflows of resources
			LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:
			Liabilities:
$ 383	$ 106	$ 706	Accounts payable
-	132	132	Salaries and benefits payable
280	299	579	Due to other funds
663	537	1,417	Total liabilities
-	-	-	Deferred inflows of resources
			Fund balances (Note 16):
-	-	580	Nonspendable
6,966	-	19,683	Restricted
-	14,559	14,812	Assigned
6,966	14,559	35,075	Total fund balances
$ 7,629	$ 15,096	$ 36,492	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Capital Projects Funds
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	PSEC	CORAL	Flood Control
REVENUES:			
Use of money and property:			
Investment earnings (loss)	$ -	$ 54	$ -
Aid from other governmental agencies:			
State	-	-	-
Charges for services	-	-	-
Other revenue	-	-	-
Total revenues	-	54	-
EXPENDITURES:			
Current:			
General government	-	768	-
Recreation and culture	-	-	-
Capital outlay	-	6,313	27
Total expenditures	-	7,081	27
Excess (deficiency) of revenues over (under) expenditures	-	(7,027)	(27)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	(904)	-
Total other financing sources (uses)	-	(904)	-
NET CHANGE IN FUND BALANCES	-	(7,931)	(27)
Fund balances, beginning of year	833	20,630	45
FUND BALANCES, END OF YEAR	$ 833	$ 12,699	$ 18

Regional Park and Open-Space	CREST	Total	
			REVENUES:
			Use of money and property:
$ 31	$ 65	$ 150	Investment earnings (loss)
			Aid from other governmental agencies:
636	-	636	State
25	2,999	3,024	Charges for services
932	-	932	Other revenue
1,624	3,064	4,742	Total revenues
			EXPENDITURES:
			Current:
-	-	768	General government
2,575	-	2,575	Recreation and culture
-	5,105	11,445	Capital outlay
2,575	5,105	14,788	Total expenditures
(951)	(2,041)	(10,046)	Excess (deficiency) of revenues over (under) expenditures
			OTHER FINANCING SOURCES (USES):
150	-	150	Transfers in
(331)	(68)	(1,303)	Transfers out
(181)	(68)	(1,153)	Total other financing sources (uses)
(1,132)	(2,109)	(11,199)	NET CHANGE IN FUND BALANCES
8,098	16,668	46,274	Fund balances, beginning of year
$ 6,966	$ 14,559	$ 35,075	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Flood Control Capital Projects Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings (loss)	$ 1	$ 1	$ -	$ (1)
Other revenue	1,075	1,075	-	(1,075)
Total revenues	1,076	1,076	-	(1,076)
EXPENDITURES:				
Capital outlay	1,075	1,075	27	(1,048)
Total expenditures	1,075	1,075	27	(1,048)
NET CHANGE IN FUND BALANCE	1	1	(27)	(28)
Fund balance, beginning of year	45	45	45	-
FUND BALANCE, END OF YEAR	$ 46	$ 46	$ 18	$ (28)

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Regional Park and Open-Space District Capital Projects Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings (loss)	$ -	$ -	$ 31	$ 31
Aid from other governmental agencies:				
State	1,701	1,701	636	(1,065)
Charges for services	-	25	25	-
Other revenue	3,338	3,188	932	(2,256)
Total revenues	5,039	4,914	1,624	(3,290)
EXPENDITURES:				
Current:				
Recreation and culture	6,059	6,050	2,575	(3,475)
Total expenditures	6,059	6,050	2,575	(3,475)
Excess (deficiency) of revenues over (under) expenditures	(1,020)	(1,136)	(951)	185
OTHER FINANCING SOURCES (USES):				
Transfers in	-	150	150	-
Transfers out	-	(331)	(331)	-
Total other financing sources (uses)	-	(181)	(181)	-
NET CHANGE IN FUND BALANCE	(1,020)	(1,317)	(1,132)	185
Fund balance, beginning of year	8,098	8,098	8,098	-
FUND BALANCE, END OF YEAR	$ 7,078	$ 6,781	$ 6,966	$ 185

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
CREST Capital Projects Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings (loss)	$ 25	$ 25	$ 65	$ 40
Charges for services	3,233	3,233	2,999	(234)
Other revenue	1,804	1,804	-	(1,804)
Total revenues	5,062	5,062	3,064	(1,998)
EXPENDITURES:				
Current:				
General government	4,928	4,860	-	(4,860)
Capital outlay	5,105	5,105	5,105	-
Total expenditures	10,033	9,965	5,105	(4,860)
Excess (deficiency) of revenues over (under) expenditures	(4,971)	(4,903)	(2,041)	2,862
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(68)	(68)	-
Total other financing sources (uses)	-	(68)	(68)	-
NET CHANGE IN FUND BALANCE	(4,971)	(4,971)	(2,109)	2,862
Fund balance, beginning of year	16,668	16,668	16,668	-
FUND BALANCE, END OF YEAR	$ 11,697	$ 11,697	$ 14,559	$ 2,862

PERMANENT FUND

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COUNTY OF RIVERSIDE

PERMANENT FUND

PERRIS VALLEY CEMETERY ENDOWMENT FUND

This fund is used to account for financial resources to be used for future maintenance of the Perris Valley Cemetery. The resources are derived from an endowment care fee assessed on each sale of a burial right and earnings on these resources. Only income earned on these resources may be used for services, supplies or capital asset acquisition. The principal must be preserved intact.

COUNTY OF RIVERSIDE
Balance Sheet
Permanent Fund
June 30, 2015
(Dollars in Thousands)

	Perris Valley Cemetery Endowment Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	
Assets:	
Cash and investments	$ 567
Total assets	567
Deferred outflows of resources	-
Total assets and deferred outflows of resources	$ 567
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:	
Liabilities:	
Total liabilities	$ -
Deferred inflows of resources	-
Fund balances (Note 16):	
Nonspendable	527
Restricted	40
Total fund balances	567
Total liabilities, deferred inflows of resources, and fund balances	$ 567

COUNTY OF RIVERSIDE

Statement of Revenues, Expenditures, and Changes in Fund Balance
Permanent Fund
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Perris Valley Cemetery Endowment Fund
REVENUES:	
Interest	$ 2
Charges for services	30
Total revenues	32
EXPENDITURES:	
Total expenditures	-
Excess (deficiency) of revenues over (under) expenditures	32
NET CHANGE IN FUND BALANCES	32
Fund balance, beginning of year	535
FUND BALANCE, END OF YEAR	$ 567

COUNTY OF RIVERSIDE

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NONMAJOR ENTERPRISE FUNDS

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COUNTY OF RIVERSIDE

NONMAJOR ENTERPRISE FUNDS

These funds are used to account for operations providing goods or services to the general public. The accounting for these funds is similar to private enterprise accounting (accrual). The intent of the County's governing board is that all costs associated with providing these goods or services be financed or recovered primarily through user charges.

COUNTY SERVICE AREAS

These three funds were established to account for revenues, expenses, and the allocation of net income for County Service Areas 62 (sewer), 62 (water), and 122.

FLOOD CONTROL

These three funds were established to account for transactions resulting from topographical map sales, subdivision operations, and issuance of encroachment permits.

COUNTY OF RIVERSIDE

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2015
(Dollars in Thousands)

	County Service Areas	Flood Control	Total
ASSETS:			
Current assets:			
Cash and investments	$ 111	$ 2,458	$ 2,569
Accounts receivable-net	-	267	267
Interest receivable	-	5	5
Taxes receivable	11	-	11
Due from other governments	-	10	10
Due from other funds	-	2	2
Restricted cash and investments	-	2,963	2,963
Total current assets	122	5,705	5,827
Noncurrent assets:			
Capital assets:			
Depreciable assets	15	5	20
Total noncurrent assets	15	5	20
Total assets	137	5,710	5,847
DEFERRED OUTFLOWS OF RESOURCES	-	96	96
LIABILITIES:			
Current liabilities:			
Accounts payable	7	3,176	3,183
Salaries and benefits payable	-	76	76
Due to other funds	-	2	2
Deposits payable	57	-	57
Other liabilities	-	176	176
Compensated absences	-	11	11
Total current liabilities	64	3,441	3,505
Noncurrent liabilities:			
Compensated absences	-	80	80
Net pension liability	-	1,185	1,185
Total noncurrent liabilities	-	1,265	1,265
Total liabilities	64	4,706	4,770
DEFERRED INFLOWS OF RESOURCES	-	265	265
NET POSITION:			
Net investment in capital assets	15	5	20
Unrestricted	58	830	888
Total net position	$ 73	$ 835	$ 908

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	County Service Areas	Flood Control	Total
OPERATING REVENUES:			
Charges for services	$ 421	$ 1,299	$ 1,720
Other	24	148	172
Total operating revenues	445	1,447	1,892
OPERATING EXPENSES:			
Personnel services	179	880	1,059
Insurance	1	-	1
Maintenance of building and equipment	70	5	75
Supplies	5	12	17
Purchased services	32	888	920
Depreciation and amortization	3	3	6
Rents and leases of equipment	-	1	1
Utilities	96	-	96
Other	4	19	23
Total operating expenses	390	1,808	2,198
Operating income (loss)	55	(361)	(306)
NONOPERATING REVENUES (EXPENSES):			
Investment income	-	38	38
Total nonoperating revenues (expenses)	-	38	38
Income (loss) before transfers	55	(323)	(268)
Transfers in	-	1	1
CHANGE IN NET POSITION	55	(322)	(267)
Net position, beginning of year, as previously reported	18	2,525	2,543
Adjustments to beginning net position	-	(1,368)	(1,368)
Net position, beginning of year, as restated	18	1,157	1,175
NET POSITION, END OF YEAR	$ 73	$ 835	$ 908

COUNTY OF RIVERSIDE

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	County Service Areas	Flood Control	Total
Cash flows from operating activities			
Cash receipts from customers / other funds	$ 446	$ 1,432	$ 1,878
Cash paid to suppliers for goods and services	(214)	(649)	(863)
Cash paid to employees for services	(179)	(839)	(1,018)
Net cash provided by (used in) operating activities	53	(56)	(3)
Cash flows from noncapital financing activities			
Transfers received	-	1	1
Net cash provided by (used in) noncapital financing activities	-	1	1
Cash flows from investing activities			
Interest on investments	-	38	38
Net cash provided by (used in) investing activities	-	38	38
Net increase (decrease) in cash and cash equivalents	53	(17)	36
Cash and cash equivalents, beginning of year	58	5,438	5,496
Cash and cash equivalents, end of year	$ 111	$ 5,421	$ 5,532
Reconciliation of cash and cash equivalent to the Statement of Net			
Cash and investments per Statement of Net Position	$ 111	$ 2,458	$ 2,569
Restricted cash and investments per Statement of Net Position	-	2,963	2,963
Total cash and cash equivalents per Statement of Net Position	$ 111	$ 5,421	$ 5,532
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	$ 55	$ (361)	$ (306)
Adjustments to reconcile operating income (loss) to net cash			
Depreciation and amortization	3	3	6
Decrease (Increase) accounts receivable	-	(16)	(16)
Decrease (Increase) taxes receivable	1	-	1
Decrease (Increase) due from other funds	-	(1)	(1)
Decrease (Increase) due from other governments	-	2	2
Increase (Decrease) accounts payable	(9)	251	242
Increase (Decrease) due to other funds	-	(1)	(1)
Increase (Decrease) deposits payable	3	-	3
Increase (Decrease) other liabilities	-	26	26
Increase (Decrease) net pension liability	-	(183)	(183)
Increase (Decrease) deferred pensions	-	169	169
Increase (Decrease) salaries and benefits payable	-	44	44
Increase (Decrease) compensated absences	-	11	11
Net cash provided by (used in) operating activities	$ 53	$ (56)	$ (3)

INTERNAL SERVICE FUNDS

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COUNTY OF RIVERSIDE

INTERNAL SERVICE FUNDS

These funds were established to account for the goods and services provided by a County department to other County departments, or to other internal governments, on a cost-reimbursement basis.

RECORDS MANAGEMENT AND ARCHIVES

This fund was established to account for the operations of the Records Management and Archives Program, which is responsible for providing consistent standards and support services that promote responsible record keeping countywide. Sources of revenue include records storage, reformatting, preservation, and consulting services.

FLEET SERVICES

This fund finances the operation and maintenance of County vehicles, including the Sheriff's Department. Revenue is obtained on a cost-reimbursement basis.

INFORMATION SERVICES

These funds are supported by the revenues generated for services including software systems support, computer networks, data structure design, and organization of the County's computer systems.

PRINTING SERVICES

These funds account for the financing of printing and central mail services provided to County departments on a cost-reimbursement basis. This fund also provides services such as the paper reclamation program, which collects and sells County department waste paper for recycling.

SUPPLY SERVICES

This fund finances the operation that provides County departments with merchandise and services on a cost-reimbursement basis.

RISK MANAGEMENT

These funds account for the financing of employee insurance benefits and County self-insurance programs. These funds include medical, dental, disability, and unemployment insurance as well as general liability, medical malpractice, and worker's compensation.

TEMPORARY ASSISTANCE POOL (TAP)

The purpose of this fund is to provide a ready source of temporary workers to County departments, with lower overhead costs than are typically charged by outside temporary employment agencies.

ECONOMIC DEVELOPMENT AGENCY (Facilities Management)

The purpose of this fund was to account for custodial, maintenance, and real estate services provided to other County departments on a cost-reimbursement basis.

FLOOD CONTROL EQUIPMENT

These funds were established to account for the financing of flood control equipment provided to other departments on a cost-reimbursement basis.

COUNTY OF RIVERSIDE
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
ASSETS:					
Current assets:					
Cash and investments	$ 1,496	$ 11,682	$ 16,184	$ 2,471	$ 5,282
Accounts receivable-net	-	28	84	16	393
Interest receivable	1	4	-	1	1
Due from other government	-	69	80	72	-
Due from other funds	26	-	-	-	-
Inventories	-	620	1,269	162	473
Prepaid items and deposits	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total current assets	1,523	12,403	17,617	2,722	6,149
Noncurrent assets:					
Capital assets:					
Nondepreciable assets	-	744	235	-	-
Depreciable assets	188	31,549	35,642	1,100	163
Total noncurrent assets	188	32,293	35,877	1,100	163
Total assets	1,711	44,696	53,494	3,822	6,312
DEFERRED OUTFLOWS OF RESOURCES	96	374	5,901	183	71
LIABILITIES:					
Current liabilities:					
Accounts payable	1	883	302	37	2,104
Salaries and benefits payable	47	212	3,293	105	39
Due to other governments	-	1	-	-	8
Due to other funds	15	-	1	-	-
Other liabilities	-	1,728	5,545	10	48
Compensated absences	68	303	6,466	156	49
Capital lease obligation	-	8,040	7,095	-	-
Estimated claims liability	-	-	-	-	-
Total current liabilities	131	11,167	22,702	308	2,248
Noncurrent liabilities:					
Compensated absences	32	298	1,532	43	31
Advances from other funds	-	-	2,500	-	-
Capital lease obligation	-	7,769	28,694	-	-
Estimated claims liabilities	-	-	-	-	-
Net pension liability	654	2,560	40,366	1,254	485
Total noncurrent liabilities	686	10,627	73,092	1,297	516
Total liabilities	817	21,794	95,794	1,605	2,764
DEFERRED INFLOWS OF RESOURCES	221	863	13,614	423	164
NET POSITION:					
Net investment in capital assets	188	16,484	88	1,100	163
Unrestricted	581	5,929	(50,101)	877	3,292
Total net position	$ 769	$ 22,413	$ (50,013)	$ 1,977	$ 3,455

Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total	
					ASSETS:
					Current assets:
$ 163,369	$ 402	$ 6,163	$ 5,077	$ 212,126	Cash and investments
8,863	-	-	9	9,393	Accounts receivable-net
80	-	1	2	90	Interest receivable
-	-	302	3	526	Due from other government
-	-	-	91	117	Due from other funds
-	-	164	226	2,914	Inventories
333	-	-	-	333	Prepaid items and deposits
2,000	-	-	-	2,000	Advances to other funds
174,645	402	6,630	5,408	227,499	Total current assets
					Noncurrent assets:
					Capital assets:
-	-	-	-	979	Nondepreciable assets
19	-	37	2,570	71,268	Depreciable assets
19	-	37	2,570	72,247	Total noncurrent assets
174,664	402	6,667	7,978	299,746	Total assets
1,602	177	2,235	-	10,639	DEFERRED OUTFLOWS OF RESOURCES
					LIABILITIES:
					Current liabilities:
24,191	43	1,102	222	28,885	Accounts payable
1,310	107	1,329	90	6,532	Salaries and benefits payable
-	-	1	47	57	Due to other governments
35	-	111	5	167	Due to other funds
7	-	683	-	8,021	Other liabilities
1,426	155	1,732	24	10,379	Compensated absences
-	-	-	-	15,135	Capital lease obligation
38,563	-	-	-	38,563	Estimated claims liability
65,532	305	4,958	388	107,739	Total current liabilities
					Noncurrent liabilities:
1,265	44	898	190	4,333	Compensated absences
-	-	3,342	-	5,842	Advances from other funds
-	-	-	-	36,463	Capital lease obligation
120,389	-	-	-	120,389	Estimated claims liabilities
10,955	1,208	15,290	-	72,772	Net pension liability
132,609	1,252	19,530	190	239,799	Total noncurrent liabilities
198,141	1,557	24,488	578	347,538	Total liabilities
3,695	407	5,157	-	24,544	DEFERRED INFLOWS OF RESOURCES
					NET POSITION:
19	-	37	2,570	20,649	Net investment in capital assets
(25,589)	(1,385)	(20,780)	4,830	(82,346)	Unrestricted
$ (25,570)	$ (1,385)	$ (20,743)	$ 7,400	$ (61,697)	Total net position

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
OPERATING REVENUES:					
Charges for services	$ 1,712	$ 28,395	$ 89,673	$ 3,749	$ 8,916
Other revenue	-	370	375	2,175	7,783
Total operating revenues	1,712	28,765	90,048	5,924	16,699
OPERATING EXPENSES:					
Cost of materials used	-	1,582	-	-	-
Personnel services	1,036	3,851	58,489	1,858	765
Communications	31	75	5,252	24	18
Insurance	42	112	386	19	28
Maintenance of building and equipment	64	4,233	6,492	543	133
Insurance claims	-	-	-	-	-
Supplies	17	8,305	800	2,587	15,163
Purchased services	61	1,193	2,922	1,062	234
Depreciation and amortization	25	6,677	6,884	256	20
Rents and leases of equipment	294	1,410	775	2	4
Utilities	34	105	1,317	12	7
Other	16	411	518	81	131
Total operating expenses	1,620	27,954	83,835	6,444	16,503
Operating income (loss)	92	811	6,213	(520)	196
NONOPERATING REVENUES (EXPENSES):					
Investment income (loss)	6	33	13	9	10
Interest expense	-	(148)	(2,916)	-	-
Gain (loss) on disposal of capital assets	-	755	28	-	-
Total nonoperating revenues (expenses)	6	640	(2,875)	9	10
Income (loss) before capital contributions	98	1,451	3,338	(511)	206
Capital contributions	-	-	-	-	-
Transfers in	-	-	392	10	-
Transfers out	(20)	(78)	(1,229)	(38)	(15)
CHANGE IN NET POSITION	78	1,373	2,501	(539)	191
Net position, beginning of year, as previously reported	1,491	24,168	(1,968)	4,047	3,856
Adjustments to beginning net position	(800)	(3,128)	(50,546)	(1,531)	(592)
Net position, beginning of year, restated	691	21,040	(52,514)	2,516	3,264
NET POSITION, END OF YEAR	$ 769	$ 22,413	$ (50,013)	$ 1,977	$ 3,455

Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total	
					OPERATING REVENUES:
$ 57,862	$ 4,339	$ 87,928	$ 1,165	$ 283,739	Charges for services
15,559	2	10,778	5,609	42,651	Other revenue
73,421	4,341	98,706	6,774	326,390	Total operating revenues
					OPERATING EXPENSES:
-	-	-	64	1,646	Cost of materials used
16,228	2,203	24,172	1,946	110,548	Personnel services
241	45	243	176	6,105	Communications
16,177	15	356	-	17,135	Insurance
1,387	206	9,442	784	23,284	Maintenance of building and equipment
140,511	-	-	-	140,511	Insurance claims
4,818	166	2,983	1,100	35,939	Supplies
5,646	659	8,529	1,269	21,575	Purchased services
13	-	180	909	14,964	Depreciation and amortization
1,323	258	49,632	3	53,701	Rents and leases of equipment
75	12	1,317	1	2,880	Utilities
3,041	128	1,233	297	5,856	Other
189,460	3,692	98,087	6,549	434,144	Total operating expenses
(116,039)	649	619	225	(107,754)	Operating income (loss)
					NONOPERATING REVENUES (EXPENSES):
609	-	15	18	713	Investment income (loss)
(8)	-	-	-	(3,072)	Interest expense
-	-	-	41	824	Gain (loss) on disposal of capital assets
601	-	15	59	(1,535)	Total nonoperating revenues (expenses)
(115,438)	649	634	284	(109,289)	Income (loss) before capital contributions
101,225	-	-	-	101,225	Capital contributions
2,818	-	15	169	3,404	Transfers in
(3,071)	(712)	(467)	(439)	(6,069)	Transfers out
(14,466)	(63)	182	14	(10,729)	CHANGE IN NET POSITION
5,356	154	(2,241)	7,386	42,249	Net position, beginning of year, as previously reported
(16,460)	(1,476)	(18,684)	-	(93,217)	Adjustments to beginning net position
(11,104)	(1,322)	(20,925)	7,386	(50,968)	Net position, beginning of year, restated
$ (25,570)	$ (1,385)	$ (20,743)	$ 7,400	$ (61,697)	NET POSITION, END OF YEAR

COUNTY OF RIVERSIDE
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Management and Archives	Fleet Service	Information Services	Printing Services	Supply Services
Cash flows from operating activities					
Cash receipts from internal services provided	$ 1,686	$ 28,857	$ 90,099	$ 5,927	$ 16,357
Cash paid to suppliers for goods and services	(584)	(17,311)	(13,093)	(4,268)	(14,252)
Cash paid to employees for services	(1,054)	(3,810)	(58,403)	(1,852)	(778)
Net cash provided by (used in) operating activities	48	7,736	18,603	(193)	1,327
Cash flows from noncapital financing activities					
Transfers received	-	-	392	10	-
Transfers paid	(20)	(78)	(1,229)	(38)	(15)
Net cash provided by (used in) noncapital financing activities	(20)	(78)	(837)	(28)	(15)
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	755	28	-	-
Acquisition and construction of capital assets	(1)	(1,806)	(393)	(200)	-
Principal paid on capital leases	-	(6,680)	(5,235)	-	-
Capital contributions	-	-	-	-	-
Interest paid on long-term debt	-	(148)	(2,916)	-	-
Net cash provided by (used in) capital and related financing activities	(1)	(7,879)	(8,516)	(200)	-
Cash flows from investing activities					
Interest on investments	6	32	14	9	10
Net cash provided by (used in) investing activities	6	32	14	9	10
Net increase (decrease) in cash and cash equivalents	33	(189)	9,264	(412)	1,322
Cash and cash equivalents, beginning of year	1,463	11,871	6,920	2,883	3,960
Cash and cash equivalents, end of year	$ 1,496	$ 11,682	$ 16,184	$ 2,471	$ 5,282
Reconciliation of cash and cash equivalent to the Statement of Net Position					
Cash and investments per Statement of Net Position	$ 1,496	$ 11,682	$ 16,184	$ 2,471	$ 5,282
Total cash and cash equivalents per Statement of Net Position	$ 1,496	$ 11,682	$ 16,184	$ 2,471	$ 5,282
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	$ 92	$ 811	$ 6,213	$ (520)	$ 196
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	25	6,677	6,884	256	20
Decrease (Increase) accounts receivable	-	(9)	84	1	(390)
Decrease (Increase) due from other funds	(26)	-	4	-	-
Decrease (Increase) due from other governments	-	101	(37)	2	48
Decrease (Increase) inventories	-	120	(150)	69	(112)
Decrease (Increase) prepaid items and deposits	-	-	-	-	-
Increase (Decrease) accounts payable	(1)	(176)	(27)	(17)	1,579
Increase (Decrease) due to other funds	(24)	-	1	-	-
Increase (Decrease) due to other governments	-	1	-	-	1
Increase (Decrease) other liabilities	-	170	5,545	10	(2)
Increase (Decrease) estimated claims liability	-	-	-	-	-
Increase (Decrease) net pension liability	(146)	(568)	(8,961)	(277)	(107)
Increase (Decrease) deferred pension	125	489	7,713	240	93
Increase (Decrease) salaries and benefits payable	1	37	693	18	3
Increase (Decrease) compensated absences	2	83	641	25	(2)
Net cash provided by (used in) operating activities	$ 48	$ 7,736	$ 18,603	$ (193)	$ 1,327
Noncash investing, capital, and financing activities:					
Capital lease obligations		$ 10,350	$ 23,279		

Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total	
					Cash flows from operating activities
$ 68,143	$ 4,341	$ 98,785	$ 6,742	$ 320,937	Cash receipts from internal services provided
(154,622)	(1,475)	(74,584)	(3,561)	(283,750)	Cash paid to suppliers for goods and services
(15,905)	(2,345)	(24,163)	(1,979)	(110,289)	Cash paid to employees for services
(102,384)	521	38	1,202	(73,102)	Net cash provided by (used in) operating activities
					Cash flows from noncapital financing activities
2,818	-	15	169	3,404	Transfers received
(3,071)	(712)	(467)	(439)	(6,069)	Transfers paid
(253)	(712)	(452)	(270)	(2,665)	Net cash provided by (used in) noncapital financing activities
					Cash flows from capital and related financing activities
-	-	-	41	824	Proceeds from sale of capital assets
(7)	-	(169)	(1,446)	(4,022)	Acquisition and construction of capital assets
-	-	-	-	(11,915)	Principal paid on capital leases
101,225	-	-	-	101,225	Capital contributions
(8)	-	-	-	(3,072)	Interest paid on long-term debt
101,210	-	(169)	(1,405)	83,040	Net cash provided by (used in) capital and related financing activities
					Cash flows from investing activities
600	-	15	18	704	Interest on investments
600	-	15	18	704	Net cash provided by (used in) investing activities
(827)	(191)	(568)	(455)	7,977	Net increase (decrease) in cash and cash equivalents
164,196	593	6,731	5,532	204,149	Cash and cash equivalents, beginning of year
$ 163,369	$ 402	$ 6,163	$ 5,077	$ 212,126	Cash and cash equivalents, end of year
					Reconciliation of cash and cash equivalent to the Statement of Net Position
$ 163,369	$ 402	$ 6,163	$ 5,077	$ 212,126	Cash and investments per Statement of Net Position
$ 163,369	$ 402	$ 6,163	$ 5,077	$ 212,126	Total cash and cash equivalents per Statement of Net Position
					Reconciliation of operating income (loss) to net cash provided (used) by operating activities
$ (116,039)	$ 649	$ 619	$ 225	$ (107,754)	Operating income (loss)
					Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities
13	-	180	909	14,964	Depreciation and amortization
(5,278)	-	-	-	(5,592)	Decrease (Increase) accounts receivable
-	-	14	(29)	(37)	Decrease (Increase) due from other funds
-	-	65	(3)	176	Decrease (Increase) due from other governments
-	-	11	9	(53)	Decrease (Increase) inventories
34	-	71	-	105	Decrease (Increase) prepaid items and deposits
2,031	14	(705)	89	2,787	Increase (Decrease) accounts payable
35	-	(449)	(10)	(447)	Increase (Decrease) due to other funds
-	-	-	45	47	Increase (Decrease) due to other governments
4	-	223	-	5,950	Increase (Decrease) other liabilities
16,493	-	-	-	16,493	Increase (Decrease) estimated claims liability
(2,432)	(268)	(3,394)	-	(16,153)	Increase (Decrease) net pension liability
2,093	230	2,922	-	13,905	Increase (Decrease) deferred pension
169	(27)	177	(18)	1,053	Increase (Decrease) salaries and benefits payable
493	(77)	304	(15)	1,454	Increase (Decrease) compensated absences
$ (102,384)	$ 521	$ 38	$ 1,202	$ (73,102)	Net cash provided by (used in) operating activities
					Noncash investing, capital, and financing activities:
				$ 33,629	Capital lease obligations

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FIDUCIARY FUNDS

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COUNTY OF RIVERSIDE

FIDUCIARY FUNDS

These funds were established for the purpose of accounting for assets held in trustee or agency capacity for others and therefore cannot be used to support the government's own programs and are excluded from the government-wide financial statements.

OTHER

This fund was established to account for a wide array of fiduciary responsibilities. Some of these responsibilities include tax payments clearing, asset forfeiture, State Controller clearing, child support collections, undistributed bond proceeds, and family support clearing.

PAYROLL DEDUCTIONS

The purpose of this fund is to collect deductions from employee wages. The deductions are owed to a variety of third parties for health insurance, union dues, unemployment insurance, withholding tax, flexible spending accounts, and dental insurance.

PROPERTY TAX ASSESSMENTS

The Property Tax Assessment Agency Fund was set up to help Riverside County account for apportioned taxes clearing, delinquent mobile home fees, property tax refunds, special assessments, and Teeter Plan collections.

WARRANTS

This fund was established as a clearing fund for various categories of warrants issued by Riverside County.

COUNTY OF RIVERSIDE

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2015

(Dollars in Thousands)

	Other	Payroll Deductions	Property Tax Assessments	Warrants	Total
ASSETS:					
Cash and investments	$ 124,033	$ 10,852	$ 84,697	$ 39,225	$ 258,807
Accounts receivable	780	-	-	-	780
Interest receivable	24	-	48	-	72
Taxes receivable	58	-	30,956	-	31,014
Total assets	$ 124,895	$ 10,852	$ 115,701	$ 39,225	$ 290,673
LIABILITIES:					
Accounts payable	$ 87,606	$ 10,852	$ 663	$ 39,225	$ 138,346
Due to other governments	37,289	-	115,038	-	152,327
Total liabilities	$ 124,895	$ 10,852	$ 115,701	$ 39,225	$ 290,673

COUNTY OF RIVERSIDE

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Other				
Assets				
Cash and investments	$ 106,043	$ 5,339,262	$ 5,321,272	$ 124,033
Accounts receivable	386	3,090	2,696	780
Interest receivable	18	24	18	24
Taxes receivable	49	58	49	58
Due from other governments	426	-	426	-
Total assets	$ 106,922	$ 5,342,434	$ 5,324,461	$ 124,895
Liabilities				
Accounts payable	$ 77,544	$ 617,697	$ 607,635	$ 87,606
Salaries and benefits payable	6	-	6	-
Due to other governments	29,372	4,730,293	4,722,376	37,289
Total liabilities	$ 106,922	$ 5,347,990	$ 5,330,017	$ 124,895
Payroll Deductions				
Assets				
Cash and investments	$ 11,115	$ 2,057,163	$ 2,057,426	$ 10,852
Total assets	$ 11,115	$ 2,057,163	$ 2,057,426	$ 10,852
Liabilities				
Accounts payable	$ 11,115	$ 1,464,414	$ 1,464,677	$ 10,852
Total liabilities	$ 11,115	$ 1,464,414	$ 1,464,677	$ 10,852
Property Tax Assessments				
Assets				
Cash and investments	$ 80,826	$ 4,464,064	$ 4,460,193	$ 84,697
Interest receivable	10	48	10	48
Taxes receivable	32,904	30,956	32,904	30,956
Total assets	$ 113,740	$ 4,495,068	$ 4,493,107	$ 115,701
Liabilities				
Accounts payable	$ 654	$ 233,756	$ 233,747	$ 663
Due to other governments	113,086	4,555,812	4,553,860	115,038
Total liabilities	$ 113,740	$ 4,789,568	$ 4,787,607	$ 115,701

COUNTY OF RIVERSIDE

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

Warrants	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Assets				
Cash and investments	$ 96,195	$ 10,324,287	$ 10,381,257	$ 39,225
Total assets	$ 96,195	$ 10,324,287	$ 10,381,257	$ 39,225
Liabilities				
Accounts payable	$ 96,195	$ 5,903,228	$ 5,960,198	$ 39,225
Total liabilities	$ 96,195	$ 5,903,228	$ 5,960,198	$ 39,225

Total Agency Funds	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Assets				
Cash and investments	$ 294,179	$ 22,184,776	$ 22,220,148	$ 258,807
Accounts receivable	386	3,090	2,696	780
Interest receivable	28	72	28	72
Taxes receivable	32,953	31,014	32,953	31,014
Due from other governments	426	-	426	-
Total assets	$ 327,972	$ 22,218,952	$ 22,256,251	$ 290,673
Liabilities				
Accounts payable	$ 185,508	$ 8,219,095	$ 8,266,257	$ 138,346
Salaries and benefits payable	6	-	6	-
Due to other governments	142,458	9,286,105	9,276,236	152,327
Total liabilities	$ 327,972	$ 17,505,200	$ 17,542,499	$ 290,673

STATISTICAL SECTION

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Statistical Section

This section of the County of Riverside (the County) Comprehensive Annual Financial Report presents additional detail, historical perspective, and context to assist annual financial report users in understanding the financial statements, note disclosures, required supplementary information, and assessing the County's financial condition.

Contents	**Table(s)**
Financial Trends Information	**T1 – T5**

These tables contain trend information to assist readers in understanding and assessing how the County's financial position has changed over time.

Net Position by Component
Changes in Net Position
Governmental Activities Tax Revenues by Source
Fund Balances of Governmental Funds
Changes in Fund Balances of Governmental Funds

Revenue Capacity Information	**T6 – T10**

These tables contain information to assist readers in understanding and assessing the factors affecting the County's local revenue sources, property tax, sales tax, and other taxes.

General Government Tax Revenues by Source
Assessed Value and Estimated Actual Value of Taxable Property
Property Tax Rates, Direct and Overlapping Governments
Principal Property Tax Payers
Property Tax Levies and Collections

Debt Capacity Information	**T11 – T15**

These tables contain information to assist readers in understanding and assessing the County's current level of outstanding debt, and the County's ability to issue additional debt.

Ratios of Outstanding Debt by Type
Ratios of General Bonded Debt Outstanding
Direct and Overlapping Governmental Activities Debt
Legal Debt Margin Information
Pledged-Revenue Coverage

Economic and Demographic Information	**T16 – T17**

These tables provide economic and demographic information to assist readers in understanding the socioeconomic environment within which the County operates, and to facilitate the comparisons of financial information over time.

Demographic and Economic Statistics
Principal Employers

Operating Information	**T18 – T20**

These tables provide contextual information about the County's operations and resources to assist readers in understanding and assessing the County's financial condition as it relates to the services that the County provides.

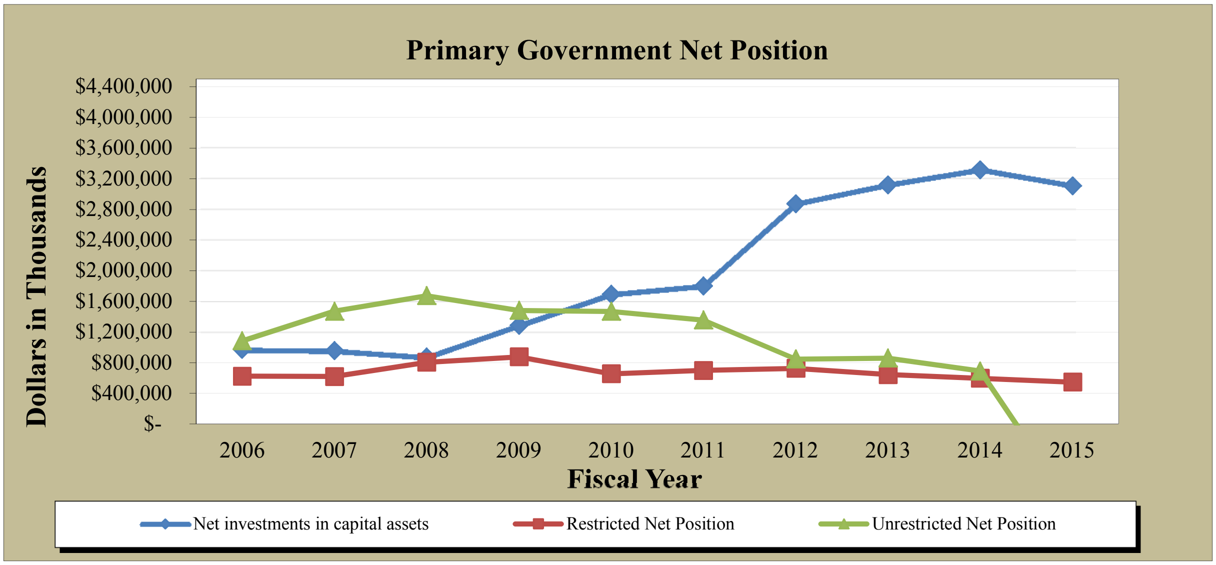
Full-time Equivalent County Government Employees by Function/Program
Operating Indicators by Function
Capital Asset Statistics by Function

Source: Unless otherwise noted, the information in these tables is derived from Riverside County's Comprehensive Annual Financial Reports for the relevant years.

Table 1

COUNTY OF RIVERSIDE
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2015

				Fiscal Year ending June 30	
	2015	2014	2013	2012	2011
Governmental activities					
Net investments in capital assets	$ 3,009,048	$ 3,165,319	$ 2,998,987	$ 2,740,429	$ 1,687,128
Restricted	489,359	499,463	550,326	683,835	656,347
Unrestricted	(971,969)	718,105	771,883	851,269	1,295,657
Governmental activities, total net position	$ 2,526,438	$ 4,382,887	$ 4,321,196	$ 4,275,533	$ 3,639,132
Business-type activities					
Net investments in capital assets	$ 95,160	$ 147,806	$ 118,594	$ 130,510	$ 113,489
Restricted	56,569	96,904	94,346	41,103	43,086
Unrestricted	(122,341)	(27,903)	88,852	(5,456)	59,550
Business-type activities, total net position	$ 29,388	$ 216,807	$ 301,792	$ 166,157	$ 216,125
Primary government					
Net investments in capital assets	$ 3,104,208	$ 3,313,125	$ 3,117,581	$ 2,870,939	$ 1,800,617
Restricted	545,928	596,367	644,672	724,938	699,433
Unrestricted	(1,094,310)	690,202	860,735	845,813	1,355,207
Primary government, total net position	$ 2,555,826	$ 4,599,694	$ 4,622,988	$ 4,441,690	$ 3,855,257



Source: Auditor-Controller, County of Riverside

Table 1

Fiscal Year ending June 30					
2010	2009	2008	2007	2006	
					Governmental activities
$ 1,594,275	$ 1,204,971	$ 802,981	$ 903,076	$ 930,800	Net investments in capital assets
604,942	824,139	769,368	569,477	582,037	Restricted
1,395,141	1,402,813	1,572,150	1,370,350	999,992	Unrestricted
$ 3,594,358	$ 3,431,923	$ 3,144,499	$ 2,842,903	$ 2,512,829	Governmental activities, total net position
					Business-type activities
$ 96,901	$ 81,512	$ 69,441	$ 53,321	$ 40,986	Net investments in capital assets
50,386	52,502	36,074	50,629	41,287	Restricted
72,397	80,238	101,683	100,567	85,971	Unrestricted
$ 219,684	$ 214,252	$ 207,198	$ 204,517	$ 168,244	Business-type activities, total net position
					Primary government
$ 1,691,176	$ 1,286,483	$ 872,422	$ 956,397	$ 971,786	Net investments in capital assets
655,328	876,641	805,442	620,106	623,324	Restricted
1,467,538	1,483,051	1,673,833	1,470,917	1,085,963	Unrestricted
$ 3,814,042	$ 3,646,175	$ 3,351,697	$ 3,047,420	$ 2,681,073	Primary government, total net position

Table 2

COUNTY OF RIVERSIDE
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2015

	Fiscal Year ending June 30				
	2015	2014	2013	2012	2011
Program revenues					
Governmental activities:					
Charges for services:					
General government	$ 164,830	$ 162,926	$ 138,851	$ 147,510	$ 159,570
Public protection	371,237	352,178	339,379	316,778	326,237
Other activities	109,773	100,791	110,231	116,509	105,931
Operating grants and contributions	1,800,158	1,593,627	1,503,390	1,447,694	1,393,016
Capital grants and contributions	31,579	29,890	27,695	27,909	32,114
Governmental activities program revenues	2,477,577	2,239,412	2,119,546	2,056,400	2,016,868
Business-type activities:					
Charges for services:					
Regional Medical Center	504,811	400,630	450,340	371,827	386,533
Other activities	161,008	155,336	150,407	133,838	140,327
Capital grants and contributions	536	450	698	335	-
Business-type activities program revenues	666,355	556,416	601,445	506,000	526,860
Primary government program revenues	3,143,932	2,795,828	2,720,991	2,562,400	2,543,728
Expenses					
Governmental activities:					
General government	179,575	228,146	194,641	270,474	298,032
Public protection	1,217,731	1,191,438	1,065,373	1,047,202	1,021,288
Public ways and facilities	177,870	108,380	89,469	84,797	87,424
Health and sanitation	499,669	460,963	422,982	374,950	369,984
Public assistance	970,415	851,246	807,611	827,092	907,202
Education	23,409	24,420	18,998	10,376	15,816
Recreation and cultural services	18,335	20,077	12,274	15,806	9,364
Interest on long-term debt	45,904	47,236	29,453	39,098	88,998
Governmental activities expenses	3,132,908	2,931,906	2,640,801	2,669,795	2,798,108
Business-type activities:					
Regional Medical Center	468,562	482,240	473,916	417,074	401,120
Waste Resources Department	56,299	62,721	53,069	57,272	56,688
Housing Authority	90,903	94,716	90,678	91,469	86,027
Flood Control	3,056	2,561	2,472	2,306	3,711
County Service Areas	390	429	459	456	383
Business-type activities expenses	619,210	642,667	620,594	568,577	547,929
Primary government expenses	3,752,118	3,574,573	3,261,395	3,238,372	3,346,037
Net (expense)/revenue					
Governmental activities	(655,331)	(692,494)	(521,255)	(613,395)	(781,240)
Business-type activities	47,145	(86,251)	(19,149)	(62,577)	(21,069)
Primary government, net (expense) / revenue	$ (608,186)	$ (778,745)	$ (540,404)	$ (675,972)	$ (802,309)

Source: Auditor-Controller, County of Riverside

Table 2

Fiscal Year ending June 30					
2010	**2009**	**2008**	**2007**	**2006**	
					Program revenues
					Governmental activities:
					Charges for services:
$ 140,723	$ 143,644	$ 171,403	$ 171,070	$ 174,781	General government
331,162	311,565	316,719	307,288	286,877	Public protection
95,438	100,819	123,483	130,837	113,413	Other activities
1,384,791	1,344,611	1,315,716	1,210,941	1,100,674	Operating grants and contributions
31,112	29,771	25,333	48,186	31,001	Capital grants and contributions
1,983,226	1,930,410	1,952,654	1,868,322	1,706,746	Governmental activities program revenues
					Business-type activities:
					Charges for services:
367,273	360,584	333,414	337,905	330,125	Regional Medical Center
134,257	139,206	146,065	137,706	135,266	Other activities
1,165	310	306	261	227	Capital grants and contributions
502,695	500,100	479,785	475,872	465,618	Business-type activities program revenues
2,485,921	2,430,510	2,432,439	2,344,194	2,172,364	Primary government program revenues
					Expenses
					Governmental activities:
323,949	285,393	331,741	296,917	259,993	General government
1,062,213	1,095,587	1,122,370	935,550	801,044	Public protection
31,024	31,283	20,558	57,578	61,443	Public ways and facilities
347,634	392,945	330,206	350,082	350,451	Health and sanitation
820,637	770,484	752,779	688,213	634,522	Public assistance
19,866	15,954	17,977	14,847	11,168	Education
12,206	6,039	12,457	11,941	7,188	Recreation and cultural services
80,754	89,741	96,173	81,197	75,721	Interest on long-term debt
2,698,283	2,687,426	2,684,261	2,436,325	2,201,530	Governmental activities expenses
					Business-type activities:
389,991	379,278	353,481	329,128	290,962	Regional Medical Center
49,956	61,116	64,538	60,772	66,453	Waste Resources Department
81,426	81,139	74,252	70,218	62,909	Housing Authority
3,233	3,816	5,201	6,242	5,705	Flood Control
454	457	343	329	285	County Service Areas
525,060	525,806	497,815	466,689	426,314	Business-type activities expenses
3,223,343	3,213,232	3,182,076	2,903,014	2,627,844	Primary government expenses
					Net (expense)/revenue
(715,057)	(757,016)	(731,607)	(568,003)	(494,784)	Governmental activities
(22,365)	(25,706)	(18,030)	9,183	39,304	Business-type activities
$ (737,422)	$ (782,722)	$ (749,637)	$ (558,820)	$ (455,480)	Primary government, net (expense) / revenue

Continued

Table 2

COUNTY OF RIVERSIDE
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)

June 30, 2015

	Fiscal Year ending June 30				
	2015	**2014**	**2013**	**2012**	**2011**
Continued:					
Primary government, net (expense) / revenue	$ (608,186)	$ (778,745)	$ (540,404)	$ (675,972)	$ (802,309)
General revenues and other changes in net position					
Governmental activities:					
Taxes:					
Property taxes	327,504	297,107	277,417	322,337	367,867
Sales tax and use tax	32,851	35,443	29,751	26,744	45,489
Other taxes	18,632	27,764	37,883	6,715	9,004
Intergovernmental revenue - not restricted to programs:					
Unrestricted intergovernmental revenue	244,003	227,303	220,811	226,384	235,153
Investment earnings	8,700	11,317	2,035	11,801	19,494
Other	164,177	167,992	168,454	169,398	142,966
Transfers	(11,250)	(9,645)	(1,049)	(11,702)	(10,355)
Governmental activities	784,617	757,281	735,302	751,677	809,618
Business-type activities:					
Investment earnings	895	1,319	(33)	907	538
Other	-	-	-	-	6,617
Transfers	11,250	9,645	1,049	11,702	10,355
Business-type activities	12,145	10,964	1,016	12,609	17,510
Total primary government	796,762	768,245	736,318	764,286	827,128
Change in net position					
Governmental activities	129,286	64,787	214,047	138,282	28,378
Business-type activities	59,290	(75,287)	(18,133)	(49,968)	(3,559)
Primary government change in net position	$ 188,576	$ (10,500)	$ 195,914	$ 88,314	$ 24,819

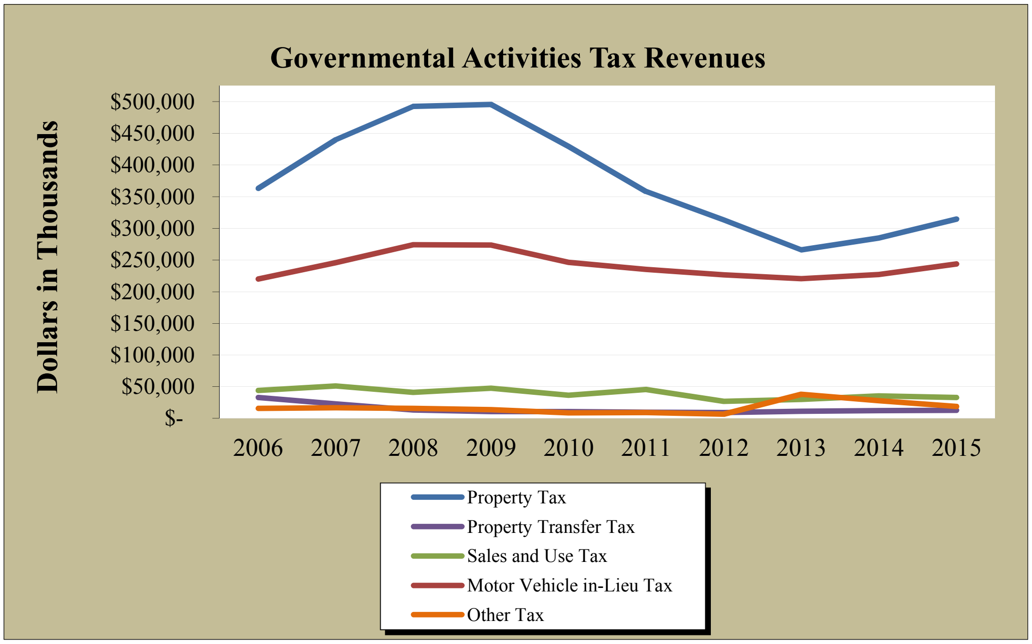
Table 2

Fiscal Year ending June 30					
2010	**2009**	**2008**	**2007**	**2006**	
					Continued:
$ (737,422)	$ (782,722)	$ (749,637)	$ (558,820)	$ (455,480)	Primary government, net (expense) / revenue
					General revenues and other changes in net position
					Governmental activities:
					Taxes:
440,282	506,222	506,327	462,817	396,167	Property taxes
36,289	47,683	40,985	51,093	44,286	Sales tax and use tax
8,610	13,771	15,898	16,865	15,603	Other taxes
					Intergovernmental revenue - not restricted to programs:
246,493	273,825	274,282	245,723	220,190	Unrestricted intergovernmental revenue
29,026	87,041	138,071	122,517	78,288	Investment earnings
91,044	121,880	85,924	13,191	96,265	Other
(17,436)	(25,713)	(10,322)	(16,892)	19,888	Transfers
834,308	1,024,709	1,051,165	895,314	870,687	Governmental activities
					Business-type activities:
1,442	6,142	10,389	10,198	6,381	Investment earnings
-	-	-	-	-	Other
17,436	25,713	10,322	16,892	(19,888)	Transfers
18,878	31,855	20,711	27,090	(13,507)	Business-type activities
853,186	1,056,564	1,071,876	922,404	857,180	Total primary government
					Change in net position
119,251	267,693	319,558	327,311	375,903	Governmental activities
(3,487)	6,149	2,681	36,273	25,797	Business-type activities
$ 115,764	$ 273,842	$ 322,239	$ 363,584	$ 401,700	Primary government change in net position

Table 3

COUNTY OF RIVERSIDE
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2015

Fiscal Year Ending June 30	Property Tax	Property Transfer Tax	Sales and Use Tax	Unrestricted Intergovernmental Revenue	Other Tax	Total
2015	$ 314,599	$ 12,905	$ 32,851	$ 244,003	$ 18,632	$ 622,990
2014	284,819	12,288	35,443	227,303	27,764	587,617
2013	266,294	11,123	29,751	220,811	37,883	565,862
2012	312,972	9,365	26,744	226,384	6,715	582,180
2011	357,908	9,959	45,489	235,153	9,004	657,513
2010	429,604	10,678	36,289	246,493	8,610	731,674
2009	495,598	10,624	47,683	273,825	13,771	841,501
2008	492,849	13,478	40,985	274,282	15,898	837,492
2007	439,981	22,836	51,093	245,723	16,865	776,498
2006	363,407	32,760	44,286	220,190	15,603	676,246



Source: Auditor-Controller, County of Riverside

COUNTY OF RIVERSIDE

MAY 9, 1893

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Table 4

COUNTY OF RIVERSIDE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Dollars in Thousands)
June 30, 2015

					Fiscal Year Ending June 30	
	2015	2014	2013	2012	2011	2010
General Fund						
Nonspendable	$ 2,001	$ 2,045	$ 3,247	$ 1,834	$ 2,214	$ 3,201
Restricted	122,967	117,595	101,440	101,651	98,552	93,653
Committed	39,422	32,820	42,183	52,439	50,097	250,444
Assigned	5,144	7,772	10,460	8,764	3,463	2,998
Unassigned	225,855	203,444	199,919	171,910	189,236	36,190
Total general fund	395,389	363,676	357,249	336,598	343,562	386,486
Transportation						
Nonspendable	3,776	1,101	1,044	1,014	-	-
Restricted	49,875	62,767	79,127	95,805	-	-
Committed	2,719	2,244	1,310	1,811	-	-
Assigned	14,782	14,063	12,821	4,935	-	-
Total transportation	71,152	80,175	94,302	103,565	-	-
Flood Control						
Nonspendable	731	1	1	1	1	1
Restricted	236,749	-	-	-	-	-
Committed	-	258,580	253,117	252,368	237,211	222,944
Assigned	3,174	-	1,807	3,890	13,741	18,979
Total Flood Control	240,654	258,581	254,925	256,259	250,953	241,924
Public Facilities Improvements						
Restricted	120,141	123,860	153,404	131,184	158,628	200,501
Committed	3,000	3,000	1,912	-	6,451	10,850
Assigned	15,480	7,803	44,244	111,324	128,023	127,302
Total public facilities improvements	138,621	134,663	199,560	242,508	293,102	338,653
Public Financing Authority						
Restricted	302,498	-	-	-	-	-
Total public financing authority	302,498	-	-	-	-	-
Redevelopment Capital Projects						
Nonspendable	-	-	-	-	72,055	79,257
Committed	-	-	-	-	115,617	93,028
Assigned	-	-	-	-	83,881	96,062
Total redevelopment capital projects	-	-	-	-	271,553	268,347
Nonmajor Governmental Funds						
Nonspendable	1,181	1,208	1,168	1,241	84,769	84,744
Restricted	168,472	182,139	174,552	354,214	410,787	434,900
Committed reported in:						
Special revenue funds	4,402	9,750	15,763	12,973	21,381	6,196
Debt service funds	-	-	-	-	1,206	1,206
Capital projects funds	-	-	151	323	1,690	355
Assigned	34,552	32,370	17,088	25,763	86,572	30,314
Total nonmajor governmental funds	208,607	225,467	208,722	394,514	606,405	557,715
Total all governmental funds	$ 1,356,921	$ 1,062,562	$ 1,114,758	$ 1,333,444	$ 1,765,575	$ 1,793,125

Note: In fiscal year 2010-11 the County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. Fiscal year 2009-10 fund balances have been recharacterized to comply with GASB Statement No.54 in order to facilitate year-to-year comparisons. In fiscal year 2011-12 Redevelopment Capital Projects are reported under the Successor Agency.

In fiscal year 2012-13 Transportation became a major fund, therefore only fiscal year 2011-12 and 2012-13 are presented for comparison purposes.

Source: Auditor-Controller, County of Riverside

COUNTY OF RIVERSIDE
Fund Balances of Governmental Funds
Last Ten Fiscal Years (Continued)
(Modified accrual basis of accounting)
(Dollars in Thousands)
June 30, 2015

	Fiscal Year Ending June 30			
	2009	2008	2007	2006
General Fund				
Reserved	$ 91,196	$ 84,466	$ 88,233	$ 100,436
Unreserved, designated	203,821	335,630	339,773	277,833
Unreserved, undesignated	77,104	58,672	142,958	68,649
Total general fund	372,121	478,768	570,964	446,918
Transportation				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total transportation	-	-	-	-
Flood Control				
Reserved	1,794	4,500	-	940
Unreserved, designated	30,149	1,755	134,396	133,906
Unreserved, undesignated	196,973	193,170	32,724	3,044
Total Flood Control	228,916	199,425	167,120	137,890
Public Facilities Improvements				
Reserved	538,431	590,915	256,338	222,983
Unreserved, undesignated	-	-	-	-
Total public facilities improvements	538,431	590,915	256,338	222,983
Public Financing Authority				
Restricted	-	-	-	-
Total public financing authority	-	-	-	-
Redevelopment Capital Projects				
Reserved	189,627	122,036	269,263	88,391
Unreserved, undesignated	116,076	234,582	118,186	120,313
Total redevelopment capital projects	305,703	356,618	387,449	208,704
Nonmajor Governmental Funds				
Reserved	371,076	331,147	192,566	196,938
Unreserved, designated reported in:				
Special revenue funds	27,666	37,121	53,268	78,501
Capital projects funds	6,933	6,935	9,671	2,056
Unreserved, undesignated reported in:				
Special revenue funds	151,939	139,367	115,637	106,564
Capital projects funds	-	-	-	-
Total nonmajor governmental funds	557,614	514,570	371,142	384,059
Total all governmental funds	$ 2,002,785	$ 2,140,296	$ 1,753,013	$ 1,400,554

Table 5

COUNTY OF RIVERSIDE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Dollars in Thousands)
June 30, 2015

				Fiscal Year Ending June 30	
	2015	**2014**	**2013**	**2012**	**2011**
Revenues					
Taxes	$ 379,358	$ 361,900	$ 347,166	$ 355,796	$ 427,892
Licenses, permits, and franchise fees	21,893	20,377	18,798	19,513	20,294
Fines, forfeitures, and penalties	79,059	82,290	86,381	90,163	95,290
Use of money and property:					
Investments earnings (loss)	7,989	10,187	2,370	10,827	18,305
Rents and concessions	25,548	29,925	19,246	19,588	17,659
Aid from other governmental agencies:					
Federal	634,269	544,478	569,330	577,654	609,531
State	1,304,580	1,172,107	1,047,485	986,658	921,329
Other	153,687	136,461	132,120	156,678	130,362
Charges for services	519,382	483,346	464,274	449,888	458,744
Other revenue	119,337	88,055	91,329	95,119	95,279
Total revenues	3,245,102	2,929,126	2,778,499	2,761,884	2,794,685
Expenditures					
General government	190,209	214,212	208,242	291,227	311,025
Public protection	1,202,873	1,186,900	1,117,397	1,072,442	1,081,489
Public ways and facilities	292,096	177,965	177,467	168,015	176,184
Health and sanitation	482,545	421,494	393,557	375,668	353,904
Public assistance	928,098	851,061	798,850	802,104	824,471
Education	20,755	19,470	18,819	18,942	19,282
Recreation and culture	23,716	15,911	16,590	15,220	18,755
Debt service:					
Principal	83,928	70,840	55,363	65,002	80,928
Interest	44,005	45,953	27,988	49,041	83,902
Cost of issuance	950	623	378	15	5,212
Capital outlay	103,211	58,046	25,427	22,583	30,439
Total expenditures	3,372,386	3,062,475	2,840,078	2,880,259	2,985,591
Revenues over (under) expenditures	(127,284)	(133,349)	(61,579)	(118,375)	(190,906)
Other financing sources (uses)					
Transfers in	550,783	248,448	231,574	323,052	267,985
Transfers out	(559,368)	(253,012)	(233,809)	(332,724)	(277,943)
Issuance of debt	346,000	64,000	-	-	170,481
Issuance of refunding bonds	-	20,510	19,140	33,360	-
Discount on long-term debt	-	-	-	-	-
Premium on long-term debt	28,699	1,338	759	2,840	-
Redemption of refunded debt	-	-	(18,155)	(32,797)	-
Payment to escrow agent	-	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-	6
Capital leases	54,529	2,965	1,721	2,671	8,321
Total other financing sources (uses)	420,643	84,249	1,230	(3,598)	168,850
Net change in fund balances	$ 293,359	$ (49,100)	$ (60,349)	$ (121,973)	$ (22,056)
Debt service as a % of non-capital expenditures	4.27%	4.21%	3.35%	4.50%	6.17%

Source: Auditor-Controller, County of Riverside

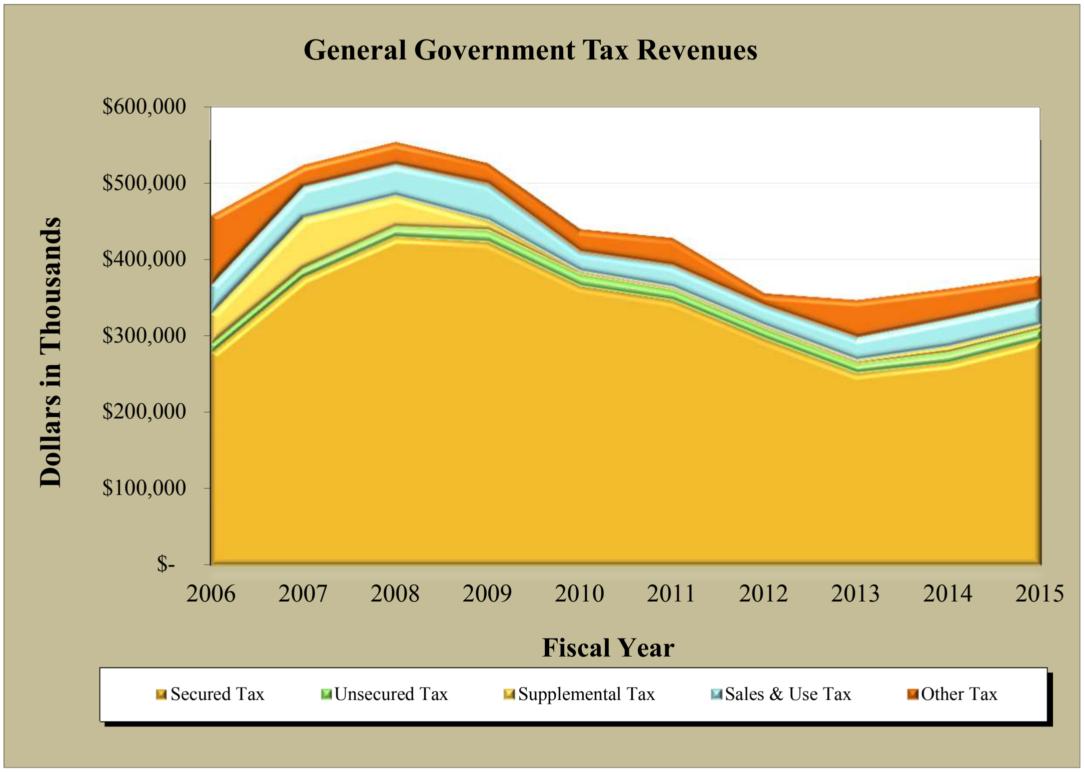
Table 5

Fiscal Year Ending June 30					
2010	2009	2008	2007	2006	
					Revenues
$ 439,435	$ 525,238	$ 553,158	$ 523,028	$ 457,117	Taxes
19,197	22,546	24,652	25,981	21,733	Licenses, permits, and franchise fees
114,320	108,572	92,029	82,946	62,984	Fines, forfeitures, and penalties
					Use of money and property:
26,929	81,040	128,307	113,789	73,838	Investments earnings (loss)
17,393	17,151	15,486	43,171	41,798	Rents and concessions
					Aid from other governmental agencies:
636,167	546,030	544,587	496,685	451,036	Federal
857,191	955,389	971,299	937,630	830,634	State
172,598	140,757	103,858	89,111	69,042	Other
469,340	460,439	447,889	431,676	439,594	Charges for services
65,711	84,348	102,132	115,863	110,870	Other revenue
2,818,281	2,941,510	2,983,397	2,859,880	2,558,646	Total revenues
					Expenditures
554,315	430,712	409,336	320,254	270,340	General government
1,068,051	1,126,662	1,083,719	972,006	855,133	Public protection
130,310	148,544	152,603	157,055	141,017	Public ways and facilities
341,244	390,668	375,259	348,921	346,738	Health and sanitation
812,848	766,407	747,576	686,295	629,553	Public assistance
18,910	15,731	17,907	14,830	11,108	Education
12,620	12,801	11,647	11,707	12,727	Recreation and culture
					Debt service:
73,378	54,587	46,483	44,222	45,516	Principal
78,689	86,768	91,126	78,204	73,707	Interest
1,819	2,436	3,868	5,565	4,925	Cost of issuance
39,844	48,899	36,691	58,525	25,639	Capital outlay
3,132,028	3,084,215	2,976,215	2,697,584	2,416,403	Total expenditures
(313,747)	(142,705)	7,182	162,296	142,243	Revenues over (under) expenditures
					Other financing sources (uses)
463,296	538,029	805,400	313,044	294,835	Transfers in
(479,143)	(562,345)	(814,607)	(328,624)	(277,680)	Transfers out
81,745	-	294,084	34,173	178,750	Issuance of debt
70,365	78,895	111,125	259,600	-	Issuance of refunding bonds
(626)	-	(2,898)	-	-	Discount on long-term debt
937	-	3,272	2,876	857	Premium on long-term debt
-	-	-	-	-	Redemption of refunded debt
(65,713)	(76,300)	(24,290)	(103,396)	(35,684)	Payment to escrow agent
-	-	1,159	916	2,064	Proceeds from the sale of capital assets
31,018	22,746	8,670	8,811	7,929	Capital leases
101,879	1,025	381,915	187,400	171,071	Total other financing sources (uses)
$ (211,868)	$ (141,680)	$ 389,097	$ 349,696	$ 313,314	Net change in fund balances
5.85%	5.54%	5.28%	5.07%	5.47%	Debt service as a % of non-capital expenditures

Table 6

COUNTY OF RIVERSIDE
General Government Tax Revenues By Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Dollars in Thousands)
June 30, 2015

Fiscal Year Ending June 30	Secured Tax	Unsecured Tax	Supplemental Tax	Sales & Use Tax	Other Taxes	Total
2015	$ 294,888	$ 13,909	$ 6,168	$ 32,851	$ 31,542	$ 379,358
2014	264,643	13,597	8,165	35,443	40,052	361,900
2013	251,236	12,459	4,714	29,751	49,006	347,166
2012	295,974	13,499	3,498	26,626	16,199	355,796
2011	346,356	13,404	3,681	28,393	36,058	427,892
2010	364,810	15,270	3,778	25,762	29,815	439,435
2009	422,329	15,071	12,981	47,683	27,174	525,238
2008	428,790	13,193	40,815	40,985	29,375	553,158
2007	375,924	12,301	65,537	40,607	28,659	523,028
2006	277,266	11,405	39,661	37,532	91,253	457,117



Source: Auditor-Controller, County of Riverside

COUNTY OF RIVERSIDE

MAY 9, 1893

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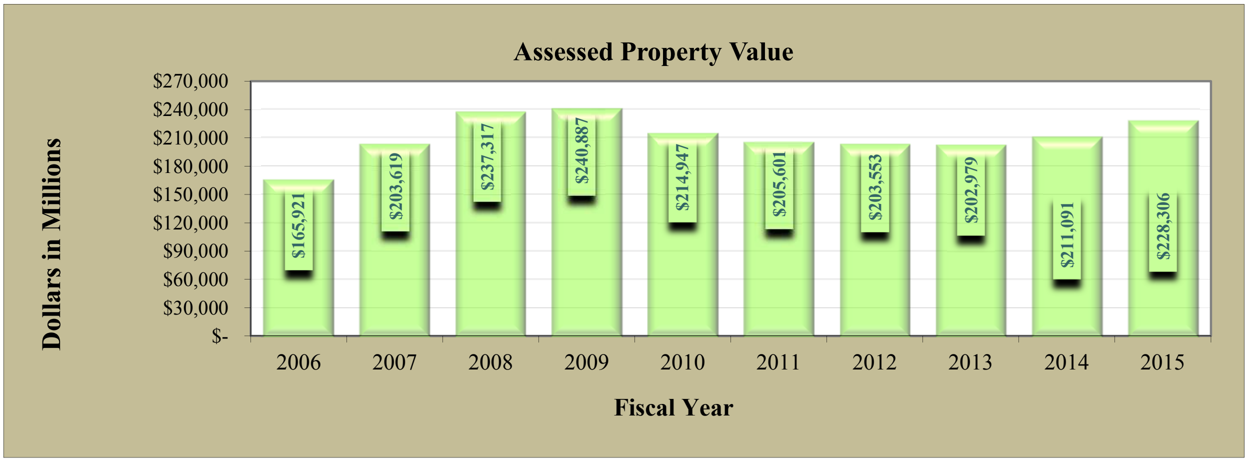
Table 7

COUNTY OF RIVERSIDE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2015

					Fiscal Year Ending June 30
	2015	2014	2013	2012	2011
Real property					
Secured property	$ 228,131,826	$ 210,523,063	$ 201,971,552	$ 202,313,851	$ 204,153,163
Unsecured property	7,676,875	7,868,150	8,123,443	8,057,242	8,121,065
Total gross assessed value	235,808,701	218,391,213	210,094,995	210,371,093	212,274,228
Less:					
Tax-exempt real property	7,502,942	7,300,462	7,116,048	6,818,361	6,673,229
Total taxable assessed value	$ 228,305,759	$ 211,090,751	$ 202,978,947	$ 203,552,732	$ 205,600,999
Total direct tax rate	1.0	1.0	1.0	1.0	1.0



Source: Auditor-Controller, County of Riverside

Fiscal Year Ending June 30					
2010	**2009**	**2008**	**2007**	**2006**	
					Real property
$ 213,144,336	$ 238,312,506	$ 235,351,116	$ 202,009,520	$ 164,618,837	Secured property
8,227,172	8,685,393	7,540,803	6,735,421	6,316,569	Unsecured property
221,371,508	246,997,899	242,891,919	208,744,941	170,935,406	**Total gross assessed value**
					Less:
6,424,030	6,111,231	5,574,813	5,125,567	5,014,256	Tax-exempt real property
$ 214,947,478	$ 240,886,668	$ 237,317,106	$ 203,619,374	$ 165,921,150	**Total taxable assessed value**
1.0	1.0	1.0	1.0	1.0	**Total direct tax rate**

Table 8

COUNTY OF RIVERSIDE
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
June 30, 2015

Fiscal Year Ending June 30	County Direct Rates		Range of Overlapping Rates			
	Secured Property Tax Levy	Debt Service	Total City Rate	Total School Districts Rate	Total Special Districts Rate	Total Direct & Overlapping Rates
2015	1.00000%	0.14640%	0% to .00626%	0 to .17234%	0% to .53052%	1.14640% to 1.53052%
2014	1.00000%	0.13830%	0% to .00673%	.01768% to .17571%	0% to .55075%	1.13830% to 1.55075%
2013	1.00000%	0.14340%	0% to .00572%	.01702% to .17570%	0% to .58076%	1.14340% to 1.58076%
2012	1.00000%	0.12540%	0% to .00571%	.01700% to .14030%	0% to .53864%	1.12540% to 1.53864%
2011	1.00000%	0.12540%	0% to .00575%	.01499% to .13224%	0% to .50000%	1.12540% to 1.50000%
2010	1.00000%	0.12220%	.00064% to .00577%	.01242% to .12628%	0% to .50000%	1.12220% to 1.50000%
2009	1.00000%	0.10950%	.00119% to .00747%	.01254% to .10963%	0% to .50000%	1.10950% to 1.50000%
2008	1.00000%	0.09190%	.00178% to .00627%	.00549% to .08521%	0% to .50000%	1.09190% to 1.50000%
2007	1.00000%	0.07720%	.00249% to .00821%	.00578% to .10282%	0% to .54324%	1.07720% to 1.54324%
2006	1.00000%	0.08050%	.00426% to .00861%	.01435% to .10210%	0% to .50997%	1.08050% to 1.50997%

Note: Total direct tax rate encompasses general levy, special assessments, and fixed charges.

Overlapping governments in the context of the statistical section, all local governments located wholly or in part within the geographic boundaries of the reporting government.

Overlapping rate in the context of the statistical section, an amount or percentage applied to a unit of a specific revenue base by governments that overlap geographically, at least in part, with the government preparing the statistical section information.

Source: Auditor-Controller, County of Riverside

Table 9

COUNTY OF RIVERSIDE
Principal Property Tax Payers
(Dollars in Thousands)
Current Year and Nine Years Ago
June 30, 2015

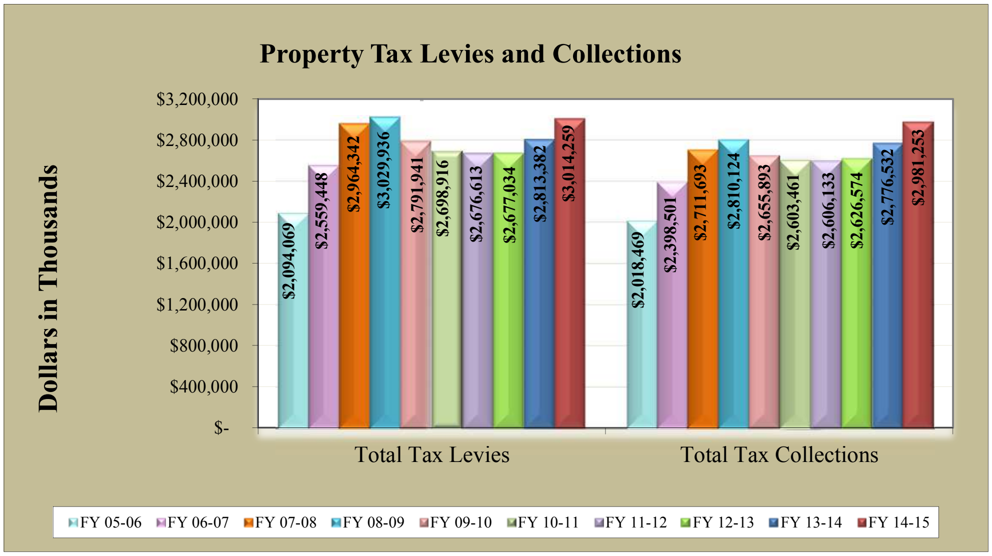
	Fiscal Year			
	2015		2006	
Tax payer	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
Southern California Edison Company	$ 42,005	1.32%	$ 8,679	0.41%
Verizon California Inc.	9,450	0.30%	7,242	0.34%
Centex Homes			7,057	0.33%
KB Home Coastal Inc.			3,743	0.18%
Southern California Gas Company	7,762	0.24%	3,737	0.18%
Pulte Home Corporation			5,400	0.25%
Ryland Homes of California Inc.			3,558	0.17%
Western Pacific Housing Inc.			3,266	0.15%
Blythe Energy, LLC	4,659	0.15%	3,008	0.14%
Wolf Creek Development			2,567	0.12%
CPV Sentinel, LLC	9,335	0.29%		
Inland Empire Energy Center, LLC	3,697	0.12%		
Ross Dress for Less Inc.	3,255	0.10%		
Walgreen Company	3,145	0.10%		
Chelsea GCA Realty Partnership	3,133	0.10%		
Tyler Mall LTD Partnership	2,967	0.09%		
Total	$ 89,408	2.81%	$ 48,257	2.27%

Source: Treasurer-Tax Collector, County of Riverside

Table 10

COUNTY OF RIVERSIDE
Property Tax Levies and Collections
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2015

		Collected within the Fiscal Year of the Levy			Total Collections as of June 30	
Fiscal Year Ending June 30	**Total Secured Tax Levy for Fiscal Year**	**Amount**	**Percentage of Levy**	**Collections in Subsequent Years**	**Amount**	**Percentage of Levy**
2015	$ 3,014,259	$ 2,968,113	98.47%	$ 13,140	$ 2,981,253	98.91%
2014	2,813,382	2,763,665	98.23%	12,867	2,776,532	98.69%
2013	2,677,034	2,618,818	97.83%	7,756	2,626,574	98.12%
2012	2,676,613	2,605,691	97.35%	442	2,606,133	97.37%
2011	2,698,916	2,603,461	96.46%	-	2,603,461	96.46%
2010	2,791,941	2,652,513	95.01%	3,380	2,655,893	95.13%
2009	3,029,936	2,807,718	92.67%	2,406	2,810,124	92.75%
2008	2,964,342	2,708,669	91.38%	3,024	2,711,693	91.48%
2007	2,559,448	2,379,273	92.96%	19,228	2,398,501	93.71%
2006	2,094,069	2,005,139	95.75%	13,330	2,018,469	96.39%



*Delinquent taxes reported by year of collection; data by levy year unavailable.

Source: Auditor-Controller, County of Riverside

COUNTY OF RIVERSIDE

MAY 9, 1893

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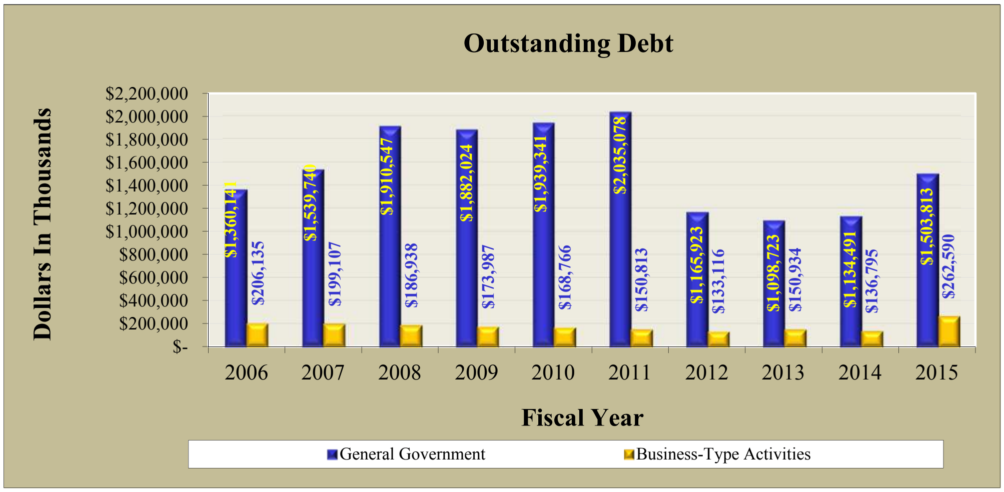
Table 11

COUNTY OF RIVERSIDE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita Amount)
June 30, 2015

	Fiscal Year Ending June 30				
	2015	2014	2013	2012	2011
General government					
Bonds	$ 1,141,497	$ 810,186	$ 744,460	$ 750,492	$ 1,551,323
Certificates of participation	211,688	240,593	282,095	309,511	367,272
Note and loans	3,350	3,890	4,420	4,925	5,355
Capital leases	147,278	79,822	67,748	100,995	111,128
Business-type activities					
Bonds	119,917	132,941	143,710	121,061	134,983
Capital leases	5,878	3,854	7,224	12,055	15,830
Total primary government	$ 1,629,608	$ 1,271,286	$ 1,249,657	$ 1,299,039	$ 2,185,891
Percentage of personal income	2.23%	1.65%	1.66%	1.78%	3.07%
Per capita	$ 765	$ 558	$ 554	$ 583	$ 986



Note: Per Capita is an estimate for fiscal years 2013-14 and 2014-15

Source: California State Department of Finance
Auditor-Controller, County of Riverside
Bureau of Economic Analysis

Table 11

Fiscal Year Ending June 30					
2010	**2009**	**2008**	**2007**	**2006**	
					General government
$ 1,408,017	$ 1,359,277	$ 1,086,397	$ 806,398	$ 814,443	Bonds
385,447	391,914	408,024	335,866	348,486	Certificates of participation
21,987	13,222	310,809	310,139	113,383	Note and loans
123,890	117,611	105,317	87,337	83,829	Capital leases
					Business-type activities
147,924	159,959	170,814	181,263	191,142	Bonds
20,842	14,028	16,124	17,844	14,993	Capital leases
$ 2,108,107	$ 2,056,011	$ 2,097,485	$ 1,738,847	$ 1,566,276	**Total primary government**
3.37%	3.28%	3.25%	2.90%	2.81%	**Percentage of personal income**
$ 985	$ 975	$ 1,004	$ 856	$ 807	**Per capita**

Table 12

COUNTY OF RIVERSIDE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita Amount)
June 30, 2015

					Fiscal Year Ending June 30
	2015	2014	2013	2012	2011
Bonds	$ 1,261,414	$ 943,127	$ 888,170	$ 871,553	$ 1,686,306
Less:					
Amounts available in debt service fund	71,947	80,405	79,951	78,236	151,405
Total net obligation bonds outstanding	$ 1,189,467	$ 862,722	$ 808,219	$ 793,317	$ 1,534,901
Percentage of estimated					
Actual taxable value of property	0.30%	0.31%	0.30%	0.29%	0.56%
Per capita	$ 515	$ 378	$ 358	$ 356	$ 692

Note: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements

Source: California State Department of Finance

Table 12

Fiscal Year Ending June 30					
2010	2009	2008	2007	2006	
$ 1,555,941	$ 1,519,236	$ 1,257,211	$ 987,661	$ 1,005,585	**Bonds**
					Less:
127,206	147,568	119,597	73,308	79,935	Amounts available in debt service fund
$ 1,428,735	$ 1,371,668	$ 1,137,614	$ 914,353	$ 925,650	**Total net obligation bonds outstanding**
					Percentage of estimated
0.51%	0.43%	0.36%	0.34%	0.43%	**Actual taxable value of property**
$ 668	$ 651	$ 545	$ 450	$ 477	**Per capita**

Table 13

COUNTY OF RIVERSIDE
Direct and Overlapping Govermental Activities Debt
as of June 30, 2015
(Dollars in Thousands)

Governmental Unit	Debt Outstanding	Estimated Applicable Percentage	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	$ 10,780,228	86.00%	$ 9,271,415
Subtotal, overlapping debt			9,271,415
County of Riverside direct debt			1,508,813
Total direct and overlapping debt			$ 10,780,228

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County. This process recognizes that, when considering the government'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.

COUNTY OF RIVERSIDE

MAY 9, 1893

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Table 14

COUNTY OF RIVERSIDE
Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2015

	Fiscal Year Ending June 30				
	2015	2014	2013	2012	2011
Debt limit	$ 2,853,822	$ 2,638,634	$ 2,537,237	$ 2,544,409	$ 2,570,012
Total net debt applicable to limit	(1,189,467)	(862,722)	(808,219)	(793,317)	(1,534,901)
Legal debt margin	$ 1,664,355	$ 1,775,912	$ 1,729,018	$ 1,751,092	$ 1,035,111
Total net debt applicable to the limit as a percentage of debt limit	41.7%	32.7%	31.8%	31.2%	59.7%

Legal Debt Margin Calculated for Fiscal Year 2015

Assessed value	$ 230,400,099
Less: Homeowners exemptions	2,094,340
Total assessed value	228,305,759
Debt limit (1.25% of total assessed value)	2,853,822
Debt applicable to limit:	
General obligation bonds (Governmental & Business-type)	1,261,414
Less: Amount set aside for repayment of general obligation debt	71,947
Total net debt applicable to limit	1,189,467
Legal debt margin	$ 1,664,355

Definitions: Debt limit - the maximum amount of outstanding gross or net debt legally permitted.
Debt margin - the difference between debt limit and existing debt.
Legal debt margin - the excess of the amount of debt legally authorized over the amount of debt outstanding.

Source: Auditor-Controller, County of Riverside

Table 14

Fiscal Year Ending June 30					
2010	**2009**	**2008**	**2007**	**2006**	
$ 2,686,843	$ 3,011,083	$ 2,966,464	$ 2,598,369	$ 2,125,832	Debt limit
(1,428,735)	(1,211,709)	(966,800)	(733,090)	(603,194)	Total net debt applicable to limit
$ 1,258,108	$ 1,799,374	$ 1,999,664	$ 1,865,279	$ 1,522,638	Legal debt margin
53.2%	40.2%	32.6%	28.2%	28.4%	Total net debt applicable to the limit as a percentage of debt limit

Table 15

COUNTY OF RIVERSIDE
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2015

Fiscal Year Ending June 30	Lease Revenue Bonds					
	Revenue from Lease Payments	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2015	$ 24,867	$ 3,464	$ 21,403	$ 19,221	$ 19,268	55.61%
2014	25,770	1,666	24,104	16,370	16,147	74.13%
2013	25,182	1,517	23,665	14,159	12,707	88.09%
2012	22,779	2,805	19,974	16,325	15,583	62.60%
2011	16,067	2,072	13,995	15,355	16,039	44.58%
2010	30,318	3,336	26,982	14,455	16,642	86.77%
2009	39,334	10,682	28,652	13,160	16,865	95.43%
2008	60,656	43,790	16,866	12,545	17,116	56.86%
2007	31,046	5,939	25,107	12,115	16,976	86.31%
2006	25,371	785	24,586	11,600	17,355	84.91%

Note: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.

Source: Auditor-Controller, County of Riverside

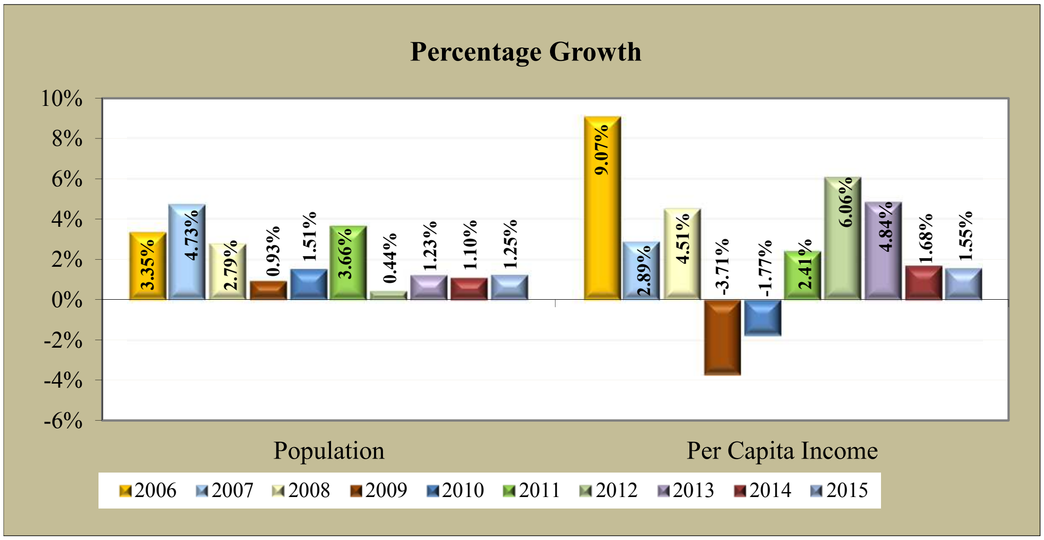
Table 15

Inland Empire Tobacco Securitization Bonds						Fiscal Year Ending June 30
Revenue from Tobacco Settlement	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
$ 9,092	$ 113	$ 8,979	$ 2,325	$ 6,665	99.88%	**2015**
9,283	105	9,178	2,435	6,781	99.59%	**2014**
15,687	123	15,564	8,650	7,193	98.24%	**2013**
9,462	107	9,355	1,655	5,301	134.49%	**2012**
9,290	123	9,167	6,135	3,615	94.02%	**2011**
6,496	155	6,341	3,610	3,794	85.64%	**2010**
9,500	134	9,366	4,235	3,995	113.80%	**2009**
7,798	2,448	5,350	3,785	3,306	75.45%	**2008**
-	-	-	-	-	0.00%	**2007**
-	-	-	-	-	0.00%	**2006**

Table 16

COUNTY OF RIVERSIDE
Demographic and Economic Statistics
Last Ten Fiscal Years
June 30, 2015

Fiscal Year Ending June 30	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2015	2,308,441	$ 78,099,000 [1]	$ 34,359 [1]	425,883	6.60%
2014	2,279,967	76,064,000 [1]	33,836 [1]	426,227	8.40%
2013	2,255,059	76,289,477	33,278	425,968	10.20%
2012	2,227,577	71,555,000	31,742	425,707	12.60%
2011	2,217,778	69,438,900	29,927	424,086	14.40%
2010	2,139,535	64,376,498	29,222	423,986	14.50%
2009	2,107,653	63,228,086	29,748	419,643	14.00%
2008	2,088,322	64,504,000	30,894	420,450	8.40%
2007	2,031,625	61,024,000	29,560	404,331	5.70%
2006	1,939,814	53,246,505	28,730	394,687	5.10%



Notes 1: Projection based on 10 years' running average (2005 - 2014)

Source:
Bureau of Economic Analysis
Riverside County Superintendent of Schools
State of California, Employment Development Department
California State Department of Finance

Table 17

COUNTY OF RIVERSIDE
Principal Employers
Current Year and Nine Years Ago
June 30, 2015

	Fiscal Year			
	2015		2006	
Employer	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
County of Riverside	20,684	2.17%	18,035	2.22%
March Air Reserve Base	8,500	0.89%	3,901	0.48%
Stater Brothers Market	6,900	0.72%	6,000	0.74%
Wal-Mart	6,550	0.69%		
University of California Riverside	5,768	0.60%	6,856	0.84%
Kaiser Permanente Riverside Medical Center	5,300	0.56%	3,025	0.37%
Pechanga Resort Casino			4,600	0.57%
Corona-Norco Unified School District	4,932	0.52%		
Temecula Valley Unified School District	4,000	0.42%	2,651	0.33%
Riverside Unified School District	3,871	0.41%	3,869	0.48%
Guidant Corporation			3,000	0.37%
Hemet Unified School District	3,400	0.36%		
Morongo Casino, Resort & Spa			2,500	0.31%
Total	69,905	7.32%	54,437	6.40%

Source: Economic Development Agency

Table 18

COUNTY OF RIVERSIDE
Full-time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years
June 30, 2015

	Full-time Equivalent Employees				
	2015	2014	2013	2012	2011
Function/Program					
General government					
Legislative and administrative	84	86	89	81	87
Finance	408	415	399	405	411
Counsel	70	66	65	65	64
Personnel	180	157	154	159	172
Elections	23	24	25	34	39
Communication	-	-	-	11	11
Property management	404	394	397	507	531
Promotion	54	43	45	117	139
Other general	27	85	32	31	32
Public protection					
Judicial	1,202	1,239	1,221	1,294	1,345
Police protection	2,466	2,410	2,351	2,304	2,408
Detention and correction	2,389	2,216	2,169	2,085	2,067
Fire protection	227	212	212	200	198
Protection/inspection	76	83	86	86	87
Other protection	554	830	544	600	615
Administration	68	81	82	75	62
Public ways and facilities					
Public ways	387	375	370	411	413
Parking facilities	17	17	20	18	18
Health and sanitation					
Health	2,236	2,075	1,959	2,118	2,063
Hospital care	32	35	37	34	31
Public health ambulatory care	267	-	266	-	-
California children's services	142	139	134	140	138
Public assistance					
Aid programs	3,980	3,610	3,484	3,334	3,089
Veterans' services	14	13	13	12	12
Other assistance	270	271	291	289	355
Education, recreation and culture					
Library services	5	7	7	10	1
Agricultural extension	5	5	5	5	5
Cultural services	2	2	2	3	3
County business-type functions					
Hospital care	2,399	2,517	2,581	2,351	2,295
Sanitation	164	153	153	160	174
Internal service	2,876	2,763	2,641	2,775	2,315
Special districts/Component units	739	719	693	660	591
Total	21,767	21,042	20,527	20,374	19,771

Note: Temporary employees, 1,675, filled as of April 28, 2015 are included in the total number employees.

Source: County of Riverside, fiscal year 2015-16 Recommended Budget

Table 18

2010	2009	2008	2007	2006	Function/Program
					General government
98	92	96	92	93	Legislative and administrative
438	456	522	477	445	Finance
70	69	69	69	58	Counsel
167	182	216	191	179	Personnel
42	41	40	39	31	Elections
12	11	10	-	-	Communication
500	494	468	387	323	Property management
180	186	177	168	142	Promotion
36	36	39	-	-	Other general
					Public protection
1,444	1,485	1,506	1,371	1,204	Judicial
2,449	2,586	2,474	2,354	2,113	Police protection
2,076	2,220	2,174	1,972	1,811	Detention and correction
188	190	199	165	145	Fire protection
100	98	114	274	254	Protection/inspection
669	737	778	541	523	Other protection
65	58	60	50	39	Administration
					Public ways and facilities
465	506	532	517	497	Public ways
20	-	-	-	-	Parking facilities
					Health and sanitation
2,024	2,075	2,214	2,023	1,939	Health
31	30	30	31	28	Hospital care
-	-	-	-	-	Public health ambulatory care
143	148	168	159	152	California children's services
					Public assistance
3,132	3,159	3,297	2,948	2,841	Aid programs
12	12	13	12	11	Veterans' services
348	285	305	302	283	Other assistance
					Education, recreation and culture
-	1	1	1	1	Library services
5	5	6	5	5	Agricultural extension
3	3	2	2	2	Cultural services
					County business-type functions
2,246	2,186	2,097	1,889	1,680	Hospital care
198	211	206	170	158	Sanitation
2,418	1,723	2,202	2,934	2,538	**Internal service**
547	533	534	526	540	**Special districts/Component units**
20,126	19,818	20,549	19,669	18,035	**Total**

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function
Last Ten Fiscal Years
June 30, 2015

		Fiscal Year Ending June 30				
		2015	2014	2013	2012	2011
Function/Program						
Agricultural Commissioner						
Export phytosanitary certificates	d	14,825	16,067	18,346	19,875	20,406
Pesticide use inspections	e	1,025	834	783	793	764
Weights and measures regulated		139,701	138,321	138,547	137,727	134,290
Agriculture quality inspections		497	524	456	553	693
Plant pest inspections		10,792	11,635	10,361	11,931	9,584
Nursery acreage inspected		7,020	7,064	6,156	6,920	6,338
Weights and measures inspected		63,695	80,461	63,653	51,074	56,751
Assessor-Clerk-Recorder						
Assessments		914,886	909,432	906,467	904,706	904,040
Official records recorded		540,589	530,777	648,812	592,531	612,804
Vital records copies issued		75,708	85,309	78,405	78,768	80,391
Official records copies issued		18,307	22,329	32,792	26,153	28,990
Auditor-Controller						
Invoices paid		368,001	425,003	426,660	389,798	412,374
Vendor warrants (checks) issued		228,750	232,034	259,458	255,463	265,979
Active vendors		30,604	84,680	80,011	78,887	65,090
Payroll warrants (checks) issued		541,390	524,990	509,376	509,468	506,870
Average payroll warrants (checks) per pay period		20,823	20,192	19,591	19,595	19,495
Audits per fiscal year		26	34	25	26	26
Tax bills levied		1,003,952	998,203	984,268	972,577	999,241
Tax refunds/roll changes processed		47,556	38,739	63,500	79,606	123,476
Community Action Partnership						
Utility assistance (households)		15,115	16,087	13,911	21,912	22,207
Weatherization (households)		967	479	179	842	1,375
Energy education attendees	a	6,395	4,991	6,368	14,950	13,807
Disaster relief (residents)	b	13,387	24,274	11,316	13,968	12,058
Income tax returns prepared	b	4,325	3,453	3,111	2,711	3,006
After school programs (students)		2,114	20,700	19,200	20,700	18,400
Homeless program (bed nights)	c	-	-	-	-	-
Homeless program (meals)	c	-	-	-	-	-
Leadership program enrollment	b	-	-	-	166	593
Mediation (cases)		2,527	2,723	1,905	2,181	2,178
Environmental Health						
Facilities inspections		31,897	35,325	32,045	36,201	31,801
Public Health						
Patient visits		134,481	124,099	135,795	109,870	106,532
Patient services		290,900	363,442	353,269	392,621	390,607
Animal Control Services						
Animal impounds (live animals)		37,644	37,037	35,201	36,518	49,408
Spays and neuters completed		13,216	13,690	11,908	9,771	8,305
Animal licenses sold		65,020	122,105	-	-	-
Service calls fielded		40,251	-	-	-	-

Note:
a - Number of pamphlets mailed
b - Program not yet started / not tracked
c - Homeless program reporting responsibilities were transferred from Community Action Partnership (CAP) to Department of Social Services (DPSS) at the end of fiscal year 2007-08
d - Phytosanitary = Plant pest cleanliness
e - Pesticide Use Inspections = Environmental monitoring

Source: Various County Departments

Table 19

Fiscal Year Ending June 30					
2010	**2009**	**2008**	**2007**	**2006**	**Function/Program**
					Agricultural Commissioner
25,745	36,772	29,288	22,266	21,746 d	Export phytosanitary certificates
682	831	903	840	1,199 e	Pesticide use inspections
131,175	129,528	129,726	121,986	120,211	Weights and measures regulated
643	668	643	1,061	541	Agriculture quality inspections
9,667	48,944	25,987	14,532	4,975	Plant pest inspections
6,923	7,627	7,851	9,226	7,382	Nursery acreage inspected
77,278	80,862	83,269	97,039	150,308	Weights and measures inspected
					Assessor-Clerk-Recorder
941,928	942,174	938,462	920,555	896,998	Assessments
673,674	682,708	773,308	957,123	1,082,688	Official records recorded
87,194	97,422	97,427	88,640	82,015	Vital records copies issued
26,348	33,135	34,711	35,319	35,691	Official records copies issued
					Auditor-Controller
488,192	522,097	504,866	449,367	457,439	Invoices paid
300,428	320,613	255,767	237,645	235,044	Vendor warrants (checks) issued
64,761	59,685	75,575	68,358	62,699	Active vendors
532,904	532,202	522,215	496,386	469,692	Payroll warrants (checks) issued
19,737	20,469	20,085	19,092	18,065	Average payroll warrants (checks) per pay period
30	30	31	34	37	Audits per fiscal year
977,115	974,041	1,004,076	1,069,352	1,039,358	Tax bills levied
115,904	152,672	89,527	98,769	124,973	Tax refunds/roll changes processed
					Community Action Partnership
27,956	12,869	9,902	13,337	10,944	Utility assistance (households)
2,083	1,033	853	465	801	Weatherization (households)
11,725	10,775	19,396	14,590	10,389 a	Energy education attendees
17,989	15,336	16,366	13,551	8,605 b	Disaster relief (residents)
2,257	2,011	1,828	1,384	2,651 b	Income tax returns prepared
13,800	11,000	10,905	10,905	537	After school programs (students)
-	-	12,822	13,198	31,328 c	Homeless program (bed nights)
-	-	25,644	26,396	142,578 c	Homeless program (meals)
182	-	209	-	113 b	Leadership program enrollment
2,237	1,821	2,144	2,133	2,099	Mediation (cases)
					Environmental Health
31,213	34,273	33,009	31,760	32,000	Facilities inspections
					Public Health
142,617	125,767	149,223	139,885	123,843	Patient visits
313,409	466,800	601,889	438,639	369,041	Patient services
					Animal Control Services
62,770	71,834	30,305	27,362	29,206	Animal impounds (live animals)
7,225	8,480	7,208	5,645	5,806	Spays and neuters completed
-	-	-	-	-	Animal licenses sold
-	-	-	-	-	Service calls fielded

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function
Last Ten Fiscal Years
June 30, 2015

		Fiscal Year Ending June 30				
Function/Program		2015	2014	2013	2012	2011
County Library						
Total circulation - books		2,792,388	3,023,637	3,059,094	3,387,218	3,724,657
Reference questions answered		487,093	371,953	434,057	441,269	404,913
Patron door count		4,216,087	3,919,125	4,148,012	4,080,738	731,699
Programs offered		9,547	6,819	6,521	8,382	7,624
Program attendance		154,391	139,223	143,053	163,692	163,416
County Regional Medical Center						
Emergency room treatments		84,697	88,853	119,606	101,952	99,706
Emergency room services - MH		12,989	13,531	14,275	16,750	15,376
Clinic visits		104,693	124,255	125,471	127,546	129,041
Admissions		19,404	22,738	24,260	23,949	23,638
Patient days		106,466	118,467	124,599	121,949	123,250
Discharges		19,387	22,773	24,279	23,694	23,668
Fire						
Medical assistance		103,407	99,058	97,054	96,843	97,066
Fires extinguished		13,823	13,632	13,517	12,990	4,271
Other services		22,680	20,846	20,049	11,856	16,522
Communities served		94	94	94	78	78
Mental Health						
Mental health clients (crisis/long-term care)		41,942	39,765	37,591	35,696	33,260
Substance abuse clients		15,812	15,457	15,755	17,849	16,987
Detention clients		12,380	12,137	11,899	10,544	8,874
Probate conservatorship clients		404	379	355	351	424
Mental health conservatorship clients		986	942	858	879	832
Probation						
Adults on probation	a	16,496	16,922	17,406	14,992	16,271
Juveniles in secure detention	b	134	156	194	193	225
Juveniles in treatment facilities	b	57	79	86	107	128
Juveniles in detention facilities	a	5,810	7,154	8,505	9,148	10,741
Public Social Services						
CalWORKs clients		32,030	33,159	33,341	33,682	33,412
Food stamp clients		128,656	121,949	116,333	107,076	91,606
Medi-Cal clients		298,461	186,911	135,570	130,562	124,061
In-home support services		25,703	23,061	20,641	19,070	18,201
Foster care placements		4,041	3,725	3,237	3,113	3,130
Child welfare services		10,757	9,958	9,178	9,664	9,916
Homeless program (bed nights)	c	7,384	8,296	8,296	8,331	10,746
Homeless program (meals)	c	14,767	16,592	16,592	16,660	21,494

Note:
a - Average monthly
b - Average daily
c - Homeless program reporting responsibilities were transferred from Community Action Partnership (CAP) to Department of Social Services (DPSS) at the end of fiscal year 2007-08

Source: Various County Departments

Table 19

Fiscal Year Ending June 30					
2010	2009	2008	2007	2006	**Function/Program**
					County Library
3,718,343	3,464,547	3,280,929	2,352,624	2,051,276	Total circulation - books
370,619	382,795	426,533	383,428	454,590	Reference questions answered
3,599,064	3,170,424	2,744,576	2,352,403	2,433,646	Patron door count
7,214	5,618	5,570	4,546	2,353	Programs offered
148,612	127,717	103,393	80,100	84,994	Program attendance
					County Regional Medical Center
96,993	88,459	82,584	76,666	73,448	Emergency room treatments
14,288	9,702	7,867	7,624	7,536	Emergency room services - MH
131,624	129,171	124,318	123,479	106,943	Clinic visits
23,536	23,253	23,433	24,393	22,262	Admissions
121,915	118,452	115,811	112,138	105,203	Patient days
23,559	23,238	23,440	24,430	22,244	Discharges
					Fire
94,193	91,707	89,404	89,329	86,129	Medical assistance
4,449	4,406	5,659	6,372	5,060	Fires extinguished
17,076	18,486	19,472	16,310	19,035	Other services
78	78	78	78	78	Communities served
					Mental Health
30,657	30,065	29,814	28,476	26,435	Mental health clients (crisis/long-term care)
16,736	18,712	17,746	18,597	18,120	Substance abuse clients
10,831	12,781	9,441	5,522	6,351	Detention clients
474	256	206	232	266	Probate conservatorship clients
675	240	279	279	294	Mental health conservatorship clients
					Probation
17,790	17,469	17,022	15,974	16,051 a	Adults on probation
248	241	293	343	322 b	Juveniles in secure detention
125	112	113	126	113 b	Juveniles in treatment facilities
11,385	10,783	12,463	14,283	13,218 a	Juveniles in detention facilities
					Public Social Services
31,022	26,905	22,310	20,336	19,880	CalWORKs clients
74,484	52,877	36,339	30,781	28,749	Food stamp clients
116,758	107,904	101,542	105,578	108,887	Medi-Cal clients
16,852	16,307	14,845	13,934	12,590	In-home support services
3,085	3,486	5,057	4,306	5,175	Foster care placements
9,591	10,217	11,912	12,333	11,639	Child welfare services
12,900	10,854	-	-	- c	Homeless program (bed nights)
25,800	21,707	-	-	- c	Homeless program (meals)

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function
Last Ten Fiscal Years
June 30, 2015

		Fiscal Year Ending June 30				
		2015	2014	2013	2012	2011
Function/Program						
Registrar of Voters						
Voting precincts		1,193	846	1,218	853	1,649
Polling places		546	545	642	522	746
Voters	a	891,630	887,000	943,402	852,217	1,009,933
Poll workers		2,200	2,200	2,960	2,300	3,281
Sheriff						
Number of bookings		54,025	60,826	57,330	53,691	53,974
Coroner case load		12,958	12,164	11,639	10,947	10,555
Calls for services	b	190,816	176,339	172,664	176,062	232,821
TLMA - Building & Safety						
Building permits issued		1028	905	1116	836	863
Building plans checked	c	-	799	908	740	817
Building structures inspected	c	-	957	901	676	1168
Veterans' Services						
Phone inquiries answered	d	32,778	31,445	36,107	36,707	43,617
Client interviews	d	17,281	17,448	14,714	14,990	15,630
Claims filed	d	6,345	5,998	5,735	6,030	5,485
Emails	d	6,584	3,138	-	-	-
Veterans reached at outreach events		3,725	-	-	-	-
Waste Resources						
Landfill tonnage		1,475,122	1,383,266	1,102,626	1,071,309	1,071,394
Recycling tonnage		1,386	2,503	2,679	2,206	2,499

Notes:
a - Number of voters that were mailed voting materials for all elections in the fiscal year
b - Unincorporated areas
c - Information not avaiable for fiscal year 2014-15
d - Program not yet started / not tracked

Source: Various County Departments

Fiscal Year Ending June 30					
2010	**2009**	**2008**	**2007**	**2006**	**Function/Program**
					Registrar of Voters
2,370	2,387	3,474	1,472	1,872	Voting precincts
1,158	1,205	2,017	610	1,060	Polling places
1,815,892	1,747,556	1,705,406	931,821	1,658,509 a	Voters
4,186	6,287	8,355	2,622	3,992	Poll workers
					Sheriff
55,306	62,007	59,054	61,697	56,926	Number of bookings
10,027	9,582	9,394	9,212	8,943	Coroner case load
255,601	302,400	280,000	279,415	250,000 b	Calls for services
					TLMA - Building & Safety
1,568	1,337	2,658	5,786	10,232	Building permits issued
1,537	1,220	2,328	5,151	8,759 c	Building plans checked
1,774	2,650	4,506	8,580	9,593 c	Building structures inspected
					Veterans' Services
41,569	39,393	29,553	23,287	21,917 d	Phone inquiries answered
25,209	13,955	10,571	8,199	7,467 d	Client interviews
5,581	5,812	5,194	3,786	3,372 d	Claims filed
-	-	-	-	- d	Emails
-	-	-	-	-	Veterans reached at outreach events
					Waste Resources
1,032,942	1,024,267	1,220,124	1,325,284	1,423,469	Landfill tonnage
1,803	2,356	3,385	3,048	3,758	Recycling tonnage

Table 20

COUNTY OF RIVERSIDE
Capital Asset Statistics by Function
Last Ten Fiscal Years
June 30, 2015

	Fiscal Year Ending June 30				
Function/Program	**2015**	**2014**	**2013**	**2012**	**2011**
County Libraries					
Branch libraries	35	35	35	33	33
Book mobiles	2	2	2	2	2
Books in collection	1,382,932	1,393,689	1,657,925	1,570,834	1,668,434
County Regional Medical Center					
Major clinics	4	4	4	4	4
Routine and specialty clinics	44	44	37	32	30
Beds licensed	439	439	439	439	439
Fire					
Stations	37	37	38	42	46
Trucks	158	145	142	145	156
Parks and Recreation					
Regional parks	14	11	11	11	12
Historic sites	5	5	5	5	4
Nature centers	4	4	4	4	4
Archaeological sites	5	6	6	6	6
Wildlife reserves	7	9	9	9	9
RV and mobile home parks	2	3	3	3	3
Managed areas	15	5	5	5	5
Recreational facilities	1	3	2	2	2
Community centers	1	-	-	-	-
Sheriff					
Patrol stations	10	10	10	10	10
Patrol vehicles	932	928	916	915	896
Waste Resources					
Landfills	6	6	6	6	6
Capacity in tons	54,232,021	54,230,474	54,230,474	54,189,339	54,177,558

Source: Various County Departments

				Fiscal Year Ending June 30	
2010	2009	2008	2007	2006	
					Function/Program
					County Libraries
33	33	33	29	29	Branch libraries
2	2	2	2	2	Book mobiles
1,612,925	1,564,186	1,552,108	1,784,149	1,221,744	Books in collection
					County Regional Medical Center
4	4	4	4	4	Major clinics
30	30	30	30	30	Routine and specialty clinics
439	439	439	439	439	Beds licensed
					Fire
49	49	49	49	48	Stations
154	149	143	141	135	Trucks
					Parks and Recreation
12	13	13	13	13	Regional parks
4	6	6	6	6	Historic sites
4	5	5	5	5	Nature centers
6	7	7	7	7	Archaeological sites
9	16	16	16	16	Wildlife reserves
3	-	-	-	-	RV and mobile home parks
5	-	-	-	-	Managed areas
-	-	-	-	-	Recreational facilities
-	-	-	-	-	Community centers
					Sheriff
10	10	10	10	10	Patrol stations
883	923	974	702	598	Patrol vehicles
					Waste Resources
6	6	6	6	7	Landfills
51,794,663	51,794,663	51,609,663	51,609,663	52,392,284	Capacity in tons

Riverside County Comprehensive Annual Financial Report

MAY 9, 1893

Paul Angulo, CPA, MA
County Auditor-Controller

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINIONS

October 4, 2016

Riverside County Infrastructure Financing Authority
c/o County of Riverside
County Administrative Center, 4th Floor
4080 Lemon Street, 4th Floor
Riverside, California 92501

County of Riverside
Board of Supervisors
County Administrative Center, 4th Floor
4080 Lemon Street
Riverside, CA 92501

OPINION: $36,740,000 Riverside County Infrastructure Financing Authority Lease Revenue Bonds 2016 Series A; and

$3,245,000 Riverside County Infrastructure Financing Authority Lease Revenue Bonds 2016 Series A-T (Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Riverside County Infrastructure Financing Authority (the "Authority") of its bonds captioned $36,740,000 Riverside County Infrastructure Financing Authority Lease Revenue Bonds 2016 Series A (the "Series A Bonds") and $3,245,000 Riverside County Infrastructure Financing Authority Lease Revenue Bonds 2016 Series A-T (Federally Taxable) (the "Taxable Series A-T Bonds," and together with the Series A Bonds, the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Bond Law"), the Indenture of Trust, dated as of October 1, 2016 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), and a resolution (the "Resolution") of the Board of Directors of the Authority adopted August 23, 2016. Under the Indenture, the Authority has pledged certain revenues (the "Revenues") for the payment of principal, premium (if any), and interest on the Bonds when due, including lease payments made by the County of Riverside (the "County") under a Lease Agreement dated as of October 1, 2016 (the "Lease Agreement") between the Authority and the County.

Regarding questions of fact material to our opinion, we have relied on representations of the Authority contained in the Indenture and the County contained in the Lease Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Authority is a duly created and validly existing joint exercise of powers authority with the power to adopt the Resolution, enter into the Indenture and perform the agreements on its part contained therein, and issue the Bonds.

2. The County is a duly created and validly existing county, with the power to enter into the Lease Agreement and perform the agreements on its part contained therein.

3. The Indenture has been duly authorized, executed and delivered by the Authority, and constitutes a valid and binding obligation of the Authority, enforceable against the Authority.

4. The Lease Agreement has been duly authorized, executed and delivered by the Authority and the County, and constitutes a valid and binding obligation of the Authority and the County, enforceable against the Authority and the County.

5. The Indenture creates a valid lien on the Revenues and other funds pledged by the Indenture for the security of the Bonds, on a parity with other bonds (if any) issued or to be issued under the Indenture.

6. The Bonds have been duly authorized and executed by the Authority, and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Indenture.

7. Interest on the Series A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the County comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the delivery of the Series A Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the County have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Series A Bonds, or the amount, accrual or receipt of interest on the Series A Bonds.

8. The interest on the Taxable Series A-T Bonds is not intended to be excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Taxable Series A-T Bonds, or the amount, accrual or receipt of interest on the Taxable Series A-T Bonds.

9. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Certificate (the "Disclosure Certificate") is entered into by the County of Riverside (the "County") in connection with the issuance of the $36,740,000 Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds, 2016 Series A (the "Tax-Exempt Bonds") and the $3,245,000 Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds, 2016 Series A-T (Federally Taxable) (the "Taxable Bonds," and, together with the Tax-Exempt Bonds, the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of October 1, 2016 (the "Indenture"), by and between the Riverside County Infrastructure Financing Authority (the "Authority") and U.S. Bank National Association, as trustee (the "Trustee"). The County covenants and agrees as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the County for the benefit of the Owners and Beneficial Owners (as defined below) of the Bonds and in order to assist the Participating Underwriters (as defined below, in complying with the Rule (as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"*Annual Report*" means any Annual Report of the County provided by the County pursuant to and as described in Section 3 of this Certificate.

"*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 a Bond through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

"*Commission*" means the Securities and Exchange Commission.

"*Dissemination Agent*" means any person appointed in writing by the County to act as the County's agent in complying with the filing requirements of the Rule, which person has accepted such appointment. As of the date of this Certificate, the County has not appointed a Dissemination Agent.

"*Listed Event*" means any of the events listed in Section 4(a) of this Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board and any successors or assigns, or any other entities or agencies approved under the Rule.

"*Participating Underwriter*" means any of the original purchaser of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"*Repository*" means, until otherwise designated by the Commission, the Electronic Municipal Market Access website of the MSRB located at http://emma.msrb.org.

"*Rule*" means paragraph (b)(5) of Rule 15c2 12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. <u>Provision of Annual Reports</u>.

(a) The County shall, or shall cause the Dissemination Agent to, not later than 60 days after the County normally receives its audited financial statements from its auditors in each year but in no event later than February 15, commencing with the audited financial statements for the 2015-16 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that if the audited financial statements of the County are not available by the date required above for the filing of the Annual Report, the County shall submit unaudited financial statements and submit the audited financial statements as soon as available. If the County's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event.

(b) If the County is unable to provide to the Repository an Annual Report by the date required in subsection (a), the County shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent and the Trustee. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the Authority stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

Section 4. <u>Content of Annual Reports</u>. The County's Annual Report shall contain or incorporate by reference the following financial information or operating data presented in the final Official Statement relating to the Bonds, updated to incorporate information for the most recent Fiscal Year:

(a) The audited financial statements of the County for the preceding Fiscal Year, prepared in accordance with Generally Accepted Accounting Principles applicable to governmental entities. If the County'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 the format similar to the financial statement contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

(b) A description of any occurrence which would adversely impact the County's beneficial use and possession of the Property and other occurrence which may provide the County with the opportunity to abate in whole or in part any Lease Payment; and

(c) To the extent not included in the financial statements, the following type of information will be provided in one or more reports:

(i) assessed valuations, tax levies and delinquencies for real property located in the County for the Fiscal Year of the County most recently ended;

(ii) summary financial information on revenues, expenditures and fund balances for the County's total budget funds for the Fiscal Year of the County most recently ended;

(iii) summary financial information on the proposed and adopted budget of the County for the current Fiscal Year and any changes in the adopted budget;

(iv) summary of the aggregate annual debt obligations of the County as of the beginning of the current Fiscal Year;

(v) summary of the annual outstanding principal obligations of the County as of the beginning of the current Fiscal Year; and

(vi) the ratio of the County's outstanding debt to total assessed valuations as of the end of the Fiscal Year of the County most recently ended.

The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the County to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the County or to reflect changes in the business, structure, operations, legal form of the County or any mergers, consolidations, acquisitions or dispositions made by or affecting the County; provided that any such modifications shall comply with the requirements of the Rule.

The County has not undertaken in this Certificate to update all information an investor may want to have in making decisions to hold, sell or buy the Bonds but only to provide the specific information listed above.

Any or all of the items listed above may be incorporated by reference to other documents, including official statements of debt issues of the County or related public entities, which have been submitted to the Repository, MSRB or the Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 4, the County shall give, or cause to be given, notice to the Repository of the occurrence of any of the following events (the "Listed Events") with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) non payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to the rights of Owners of the Bonds, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property, if any, securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the County;

(xiii) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, 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 such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Notwithstanding the foregoing, notice of Listed Events described in Subsections (a)(viii) and (ix) above need not be given under this subsection any earlier than when the notice, if any, of the underlying event is given to Owners of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The County's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon delivery to the County and to the Dissemination Agent (if any) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Subsection 5(a).

Section 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 60 days' written notice to the County. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Certificate.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the County may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3, Section 4 or Subsection 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertakings, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the County shall describe such amendment in its next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County.

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the County from disseminating any other information, including the information then contained in the County's official statements or other disclosure documents relating to debt issuances, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the County to comply with any provision of this Certificate, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Certificate in the event of any failure of the County to comply with this Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Certificate.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are expressly and specifically set forth in this Certificate and the County agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter, the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Law. This Certificate shall be governed by the laws of the State of California and the federal securities laws.

Dated: October 4, 2016

COUNTY OF RIVERSIDE

By ________________________________
Jay Orr, County Executive Officer

EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE REPORT

Name of Issuer:	County of Riverside, California
Name of Bond Issue:	$36,740,000 Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds, 2016 Series A $3,245,000 Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds, 2016 Series A-T (Federally Taxable)
Issuance Date:	October 4, 2016

NOTICE IS HEREBY GIVEN that the COUNTY OF RIVERSIDE (the "County") has not provided the Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated as of October 1, 2016, executed and delivered by the County. The County anticipates that such report will be filed by ____________.

Dated: ______________

COUNTY OF RIVERSIDE

By ______________________________________
Authorized Officer

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 Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 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 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 Standard & Poor's 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 and www.dtc.org.

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.