

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County of Riverside, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest with respect to the Note is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Note and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Note is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Note. See “TAX MATTERS” herein.

\$250,000,000
COUNTY OF RIVERSIDE
2015-2016 TAX AND REVENUE ANTICIPATION NOTE
CUSIP®: 769110CP0

Dated: Date of Delivery Coupon: 2.000% Yield: 0.290% Price: 101.700% Due: June 30, 2016

The County of Riverside 2015-2016 Tax and Revenue Anticipation Note (the “Note”) will be issued in fully registered book-entry form only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) and will be available to the beneficial owners thereof in the denomination of \$5,000 or any multiple thereof under the book-entry system maintained by DTC. Purchasers of the Note will not receive certificates representing their interests in the Note. Principal of and interest on the Note will be payable only at maturity at the principal office of The Bank of New York Mellon Trust Company, N.A., as paying agent (the “Paying Agent”), by wire transfer to DTC, which will in turn remit such principal and interest to its Participants, which in turn will remit such principal and interest to the Indirect Participants or to the Beneficial Owners of the Note, as more fully described herein.

The Note, in accordance with California law, is a general obligation of the County of Riverside (the “County”), and is payable from taxes, income, revenues, cash receipts and other moneys of the County attributable to the County's 2015-16 Fiscal Year commencing July 1, 2015 which are legally available for payment thereof. The Note shall constitute a first lien and charge on such revenues and shall be payable from the moneys received by the County from such pledged revenues as more particularly described herein. To the extent not so paid, the Note shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the County lawfully available therefor. The Note Resolution requires the County to set aside and deposit in a special fund (the “Payment Account”) to be established by the Paying Agent certain amounts from such pledged revenues received by the County in those months described herein so that the amount on deposit in the Payment Account on such dates as described herein, taking into consideration anticipated investment earnings thereon to be received by the maturity date, will be, following all such deposits, equal to all of the principal of and interest due on the Note, as more fully described herein.

THE NOTE IS NOT SUBJECT TO REDEMPTION PRIOR TO MATURITY.

THE NOTE IS A LIMITED OBLIGATION OF THE COUNTY, PAYABLE SOLELY FROM CERTAIN FUNDS PLEDGED UNDER THE NOTE RESOLUTION. THE COUNTY IS NOT AUTHORIZED TO LEVY OR COLLECT ANY TAX FOR REPAYMENT OF THE NOTE.

The cover page contains information for quick reference only, and is not a summary of this issue. Potential purchasers must read the entire Official Statement in order to obtain information essential to making an informed investment decision.

The Note is offered when, as and if issued and delivered, subject to the approval as to its legality of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. Certain additional legal matters will be passed upon for the County by the County Counsel, and for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. It is anticipated that the Note, in definitive form, will be available for delivery through the facilities of DTC on or about July 1, 2015.

J.P.Morgan

STIFEL

Dated: June 9, 2015.

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No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the County. 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 Note 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 of the Note. Statements contained in this Official Statement which involve estimates, projections 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 facts. See “INTRODUCTION—Forward-Looking Statements.”

The information and expressions of opinion herein are subject to change without notice, and neither the 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 since the date hereof. This Official Statement is submitted in connection with the sale of the Note referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement and the information contained herein is in a form deemed final by the County for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). However, the information herein is subject to revision, completion or amendment in a final Official Statement.

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

IN CONNECTION WITH THIS OFFERING THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTE OFFERED HEREIN AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE NOTE TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS 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 UNDERWRITERS.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXCEPTIONS CONTAINED IN SUCH ACT. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY, NOR ANY AGENCY OR DEPARTMENT THEREOF, HAS PASSED UPON THE MERITS OF THE NOTE OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. THE NOTE HAS NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE COUNTY HAS ENTERED INTO AN UNDERTAKING FOR THE BENEFIT OF THE HOLDERS OF THE NOTE TO PROVIDE CERTAIN QUARTERLY FINANCIAL INFORMATION AND OPERATING DATA TO CERTAIN INFORMATION REPOSITORIES AND TO PROVIDE NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD AND TO CERTAIN INFORMATION REPOSITORIES OF CERTAIN EVENTS, PURSUANT TO THE REQUIREMENTS OF SECTION (b)(5)(i) OF RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

COUNTY OF RIVERSIDE

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

Board of Supervisors

Marion Ashley, Fifth District, Chairman
Kevin Jeffries, First District,
John F. Tavaglione, Second District
Chuck Washington, Third District
John J. Benoit, Fourth 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
Ed Corser, Finance Director

SPECIAL SERVICES

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Los Angeles, California

Disclosure Counsel

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Los Angeles, California

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Irvine, California

Paying Agent

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

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Table of Contents

	Page
INTRODUCTION	1
General	1
Forward-Looking Statements.....	1
THE NOTE	2
Authority for Issuance.....	2
Purpose of Issue	2
Description of the Note.....	2
Security for the Note.....	2
Available Sources of Repayment.....	3
Estimated and Projected General Fund Cash Flows	4
Additional Note Obligations	13
Sources and Uses of Funds	140
Book-Entry-Only System.....	14
THE COUNTY	15
CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.....	15
Article XIII A of the State Constitution.....	15
Article XIII B of the State Constitution.....	16
Right To Vote on Taxes Initiative-Proposition 218.....	17
Proposition 62	17
Proposition 1A	18
Proposition 22	19
Proposition 25	19
Proposition 26	19
Assessment Appeals and Assessor Reductions.....	19
Future Initiatives	20
STATE OF CALIFORNIA BUDGET INFORMATION.....	20
TAX MATTERS.....	23
LITIGATION.....	25
LEGALITY FOR INVESTMENT.....	26
UNDERWRITING	26
CONTINUING DISCLOSURE.....	26
RATINGS	27
CERTAIN LEGAL MATTERS.....	27
FINANCIAL ADVISOR	28
FINANCIAL STATEMENTS	28
MISCELLANEOUS	29
APPENDIX A INFORMATION REGARDING THE COUNTY OF RIVERSIDE	
APPENDIX B THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014	
APPENDIX C PROPOSED FORM OF OPINION OF BOND COUNSEL	
APPENDIX D PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE	
APPENDIX E BOOK-ENTRY-ONLY SYSTEM	
APPENDIX F FORM OF RESOLUTION	

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OFFICIAL STATEMENT

\$250,000,000

COUNTY OF RIVERSIDE

2015-2016 TAX AND REVENUE ANTICIPATION NOTE

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Note being offered, and a brief description of this Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions thereof. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolution. See APPENDIX F—“FORM OF RESOLUTION” attached hereto.

General

This Official Statement, including the Appendices hereto, has been prepared under the direction of the County of Riverside (the “County”), in order to furnish information with respect to its sale of certain tax and revenue anticipation note designated, “County of Riverside, 2015-2016 TAX AND REVENUE ANTICIPATION NOTE” (the “Note”) in the aggregate principal amount of \$250,000,000. The Note was authorized pursuant to the resolution of the County adopted on May 19, 2015 (the “Resolution”), and will be issued in full conformity with the constitution and laws of the State of California (the “State”), including Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “Act”). The Note is a general obligation of the County payable solely from taxes, income, revenue, cash receipts and other moneys of the County attributable to its fiscal year commencing on July 1, 2015 and ending on June 30, 2016 (the “2015-16 Fiscal Year” or “Fiscal Year 2015-16”) and legally available for payment thereof. Proceeds from the sale of the Note will be used for current General Fund expenditures, including current expenses and capital expenditures. The California Government Code (the “Government Code”) provides that the County may issue the Note only if the principal of and interest on the Note will not exceed 85% of the estimated moneys legally available for the payment of the Note and the interest thereon.

The Note and interest thereon are secured by a pledge of certain of the County’s unrestricted revenues received in the months and in the amounts described under the caption “THE NOTE—Security for the Note” below.

If the full amount of the revenues pledged in a particular month to the repayment of the Note has not been received by the County, then the amount of any deficiency shall be satisfied and made up from additional moneys of the County received and lawfully available for payment of the Note and interest thereon.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “projection,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be

aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

THE NOTE

Authority for Issuance

The Note is issued under the authority of the cited provisions of the Government Code and pursuant to the Resolution (see “INTRODUCTION” above).

Purpose of Issue

Issuance of the Note will provide moneys to meet the County’s 2015-16 Fiscal Year General Fund expenditures, including current expenses, capital expenditures and prepayment of pension plan contributions, and the discharge of other obligations or indebtedness of the County.

Description of the Note

The Note will be issued in the aggregate principal amount of \$250,000,000 and will be issued in denominations of \$5,000 or integral multiples thereof. The Note shall bear interest at the rate and will mature on the dates set forth on the inside cover page hereof. The Note is payable at maturity and interest thereon will be computed on a 30-day month/360-day year basis. The Note is to be delivered as a fully registered Note, without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Note. Purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof.

Security for the Note

The Note and the interest thereon are payable from taxes, income, revenue, cash receipts and other moneys of the County attributable to the 2015-16 Fiscal Year and legally available for payment thereof, and are secured by a pledge of certain of said moneys, excluding amounts heretofore pledged by the County to the payment of its Teeter Plan obligations issued pursuant to Resolution No. 97-203, as such resolution may be amended and supplemented from time to time (the “Pledged Revenues”). As security for the payment of the Note including the interest thereon, the County has covenanted pursuant to the Resolution to set aside: (a) on January 29, 2016, an amount equal to 60% of the principal amount of and interest on the Note at maturity from unrestricted revenues received by the County in January 2016; and (b) on May 31, 2016, an amount equal to 40% of the principal amount of and interest on the Note at maturity from unrestricted revenues received by the County in May 2016. Certain deposits may take into consideration anticipated investment earnings on amounts deposited in Permitted Investments through the Maturity Date. See APPENDIX F—“FORM OF RESOLUTION” attached hereto. As of the date hereof, the County has met all of its prior obligations to set aside amounts for payments of tax and revenue anticipation notes, and expects to timely set aside funds on May 31, 2015 to meet the remainder of its current obligations with respect thereto.

The Pledged Revenues shall be deposited by the County and held by the Paying Agent, in a special account (the “Payment Account”) and applied as directed under the Resolution. The County will instruct the Paying Agent to invest the amounts in the Payment Account in the County Treasurer’s Pooled Investment Fund pursuant to an investment agreement between the Paying Agent and the County until such amounts are required for the repayment of the Note. Any money deposited by the Paying Agent in the Payment Account shall be for the benefit of the holders of the Note and, until the Note and all interest thereon are paid or until provision has been made for the payment of the principal of and interest on the Note at maturity, the moneys in the Payment Account shall be applied solely for the purpose of paying the

principal of and interest the Note at its respective maturity, although such amounts shall be invested by the County in Permitted Investments (as defined in the Resolution). In the event investment losses cause amounts on deposit in the Payment Account to be insufficient to pay principal and interest on the Note at maturity, the County is required to use any available Unrestricted Revenues (as defined below) from Fiscal Year 2015-16 for the payment of principal and interest on the Note, but there is no guarantee that the County will have sufficient Unrestricted Revenues to pay the principal of and interest on the Note as the same becomes due. Moneys in the Payment Account may not be withdrawn to pay operating expenses.

The Resolution requires that the Pledged Revenues be deposited and held in the Payment Account until maturity, at which time the moneys in such fund will be used to repay the Note. If during the foregoing period there are insufficient sources of Pledged Revenues to permit deposit of the full amount of Pledged Revenues, then the amount of any deficiency shall be satisfied from any Unrestricted Revenues lawfully available for the repayment of the Note. The County is not authorized to levy or collect any taxes for the repayment of the Note.

Should the County file for Chapter 9 bankruptcy, a court might hold that the holders of the Note do not have a valid and prior lien on the Payment Account invested in the County Treasurer's Pooled Investment Fund. While the County has taken steps to mitigate this risk by retaining the Paying Agent, by entering into a formal investment agreement with the Paying Agent, and by its practice of maintaining separate records of the Payment Account held in the Pooled Investment Fund, if the holders of the Note cannot trace the Payment Account funds, they may not be available for payment of principal and interest on the Notes. There can be no assurance that the holders of the Note will be able to successfully trace such funds in the County Treasurer's Pooled Investment Fund in the future. For more information regarding the County Treasurer's Pooled Investment Fund, see "APPENDIX A-FINANCIAL INFORMATION-Riverside County Treasurer's Pooled Investment Fund."

Available Sources of Repayment

The Note, in accordance with the Act, is a general obligation of the County but is payable only out of Unrestricted Revenues, which include the taxes, income, revenue, cash receipts and other moneys of the County which are accrued, received or held by the County for the General Fund of the County and are provided for or attributable to the 2015-16 Fiscal Year and which are generally available for the payment of current expenses and other obligations of the County ("Unrestricted Revenues"). The Constitution of the State substantially limits the County's ability to levy ad valorem taxes (see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein). The County may, under the Act, issue the Note only if the principal of, and interest on, the Note plus interest thereof will not exceed 85% of the estimated amounts of the County's uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys to be received or accrued by the County for the general fund of the County and provided for or attributable to the Repayment Fiscal Year, all of which will be legally available to pay principal of and interest on the Note. The County has reserved the right to issue additional notes during Fiscal Year 2015-16 having a parity or subordinate lien on the Pledged Revenues, so long as the principal of and interest on the Note and such additional notes will not exceed 85% of the estimated moneys legally available for the payment of the Note and the interest thereon. See "Additional Note Obligations" below and APPENDIX F—"FORM OF RESOLUTION" attached hereto. Further detail as to the estimated Unrestricted Revenues available for repayment can be found in Table I, "County of Riverside Fiscal Year 2015-16 Projected Unrestricted Revenues Available for Note Repayment (in Thousands)", Table II "County of Riverside Fiscal Year 2013-14 Actual General Fund Cash Flow (in Thousands)", Table III, "County of Riverside Fiscal Year 2014-15 Actual/Estimated General Fund Cash Flow (in Thousands)," Table IV, "County of Riverside Fiscal Year 2015-16 Projected General Fund Cash Flow (in Thousands),"

and Table VII “County of Riverside Alternative and Other Restricted Cash Resources, Actual Projected (in Thousands).”

The table below sets forth the source and amount of estimated Unrestricted Revenues available for repayment of the Note.

TABLE I
County of Riverside
Fiscal Year 2015-16 Projected Unrestricted Revenues
Available for Note Repayment
(in Thousands)

<u>Revenue Source</u>	<u>Fiscal Year 2015-16 Amount</u>
Property Taxes	\$218,844
Sales and Use Taxes	31,471
Other Taxes	24,200
Licenses and Permits	17,000
Fines, Forfeitures and Penalties	56,848
Use of Money and Property	8,934
State Aid	1,302,414
Federal Aid	603,404
Other Government Aid	94,007
Charges for Current Services	512,370
Miscellaneous Revenue	30,690
Other Financing Sources	15,722
Repayment of Advances to Other Funds	53,401
Reimbursement from Depts (for CalPERS)	<u>89,273</u>
Total	\$3,058,578

Estimated and Projected General Fund Cash Flows

Set forth below in Table II is a detailed summary of the County’s actual Fiscal Year 2013-14 General Fund cash flows. Set forth below in Table III is a detailed summary of the County’s actual and projected Fiscal Year 2014-15 General Fund cash flows. Set forth below in Table IV is a detailed summary of the County’s projected Fiscal Year 2015-16 General Fund cash flow projections. Table V provides a comparison between the Fiscal Year 2014-15 original projections of General Fund cash flows and the Fiscal Year 2014-15 actual/projected General Fund cash flows. Table VI provides a comparison between the Fiscal Year 2014-15 actual/projected General Fund cash flows and the Fiscal Year 2015-16 projected General Fund cash flows.

The projected Fiscal Year 2015-16 cash flows, as prepared by the County Auditor’s Office, reflect the best currently available estimates and judgments of the County Auditor’s Office as to the County’s revenues and expenditures and the expected financial condition of the County for Fiscal Year 2015-16. The presented projected cash flows assume that all of the County’s cash flow requirements are externally funded through the issuance of the Note, but, based on market conditions, the County may determine to borrow internally for a portion of its cash flow needs.

Neither the County's independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the projected Fiscal Year 2015-16 cash flows contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and such parties assume no responsibility for, and disclaim any association with, the projected Fiscal Year 2015-16 cash flows.

The assumptions and estimates underlying the projected cash flows are uncertain and, though considered reasonable by the management of the County as of the date hereof, are subject to a wide variety of significant business, economic and political risks and uncertainties that could cause actual results to differ materially from those contained in the projected cash flows. Accordingly, there can be no assurance that the projected results are indicative of the future performance of the County or that actual results will not be materially higher or lower than those contained in the projected cash flows. Inclusion of the projected cash flows in this Official Statement should not be regarded as a representation by any person that the results contained in the projected cash flows will be achieved. Basic assumptions underlying these general fund projections include, but are not limited to, revenues and expenses as set forth in the County's recommended budget, impacts of recommended State budget, and no additional extraordinary support to the Riverside County Regional Medical Center from the general fund.

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TABLE II
County of Riverside Fiscal Year 2013-14
Actual General Fund Cash Flow (\$ in Thousands)

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	TOTALS
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	
Beginning General Fund Cash Balance	128,656	(51,332)	(99,465)	(128,510)	(177,971)	(172,885)	(107,693)	13,164	(10,495)	(68,418)	(41,440)	55,670	128,656
Receipts													
Property Taxes	129	(129)	7,777	5,290	582	51,628	42,561	(73)	1,146	42,208	35,000	5,911	192,030
Sales and Use Taxes	1,362	1,817	3,536	1,657	2,210	2,486	8,311	2,804	444	1,471	6,337	2,112	34,547
Other Taxes	1,097	1,720	1,815	1,160	6,690	3,371	1,507	1,001	889	1,610	1,451	7,287	29,598
Licenses & Permits	889	1,729	838	630	1,401	729	768	1,096	1,175	4,900	1,562	443	16,160
Fines, Forfeitures & Penalties	1,999	2,116	1,976	2,056	2,276	1,732	2,934	1,949	2,228	10,942	2,565	29,818	62,591
Use of Money and Property	347	931	303	576	548	8,854	500	758	328	427	962	806	15,340
State Aid	45,103	43,885	52,736	83,112	116,852	61,735	150,756	87,335	96,326	79,154	175,022	97,694	1,089,710
Federal Aid	27,750	29,896	37,651	55,783	22,259	29,289	43,131	36,478	26,449	41,837	28,139	54,334	432,996
Other Governmental Aid	-	-	-	-	-	41,469	-	-	-	-	-	-	83,600
Charges for Current Services	30,417	35,035	27,180	26,322	25,906	41,059	39,299	37,534	38,928	40,485	25,702	62,650	430,517
Miscellaneous Revenue	1,762	54	401	2,274	1,145	2,055	651	1,680	118	10,585	1,794	15,466	37,985
Other Financing Sources	-	7,265	2,728	15	1,036	741	6	8,002	-	6	1,007	958	21,764
Repayment of Advances to Other Funds	-	-	-	13,000	2,000	2,000	3,000	-	5,600	28,000	4,554	2,971	61,125
Reimbursement from Departments for CalPERS	6,560	6,880	6,812	10,647	6,385	6,806	7,053	6,883	7,020	10,143	7,061	8,696	90,946
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	117,415	131,199	143,753	202,522	189,290	253,954	300,477	185,447	180,651	271,768	291,156	331,277	2,598,909
Disbursements													
Salaries & Benefits	97,606	100,661	100,306	144,499	100,597	103,405	103,992	102,013	104,231	146,832	103,602	103,519	1,311,263
Services & Supplies	22,627	27,374	27,242	28,559	28,828	30,056	31,339	64,404	67,183	26,329	38,811	83,239	475,991
Other Charges	40,626	49,001	45,104	51,098	51,756	52,870	44,049	41,771	67,138	60,184	46,540	58,207	608,344
Fixed Assets & Capital Outlay	326	893	146	587	161	936	213	324	20	507	675	1,619	6,407
Other Financing Uses	1,049	3	-	15,919	362	1,495	27	594	2	10,938	4,418	10,271	45,078
Advances to Other Funds	48,531	1,400	-	11,321	2,500	-	-	-	-	-	-	-	63,752
CalPERS Prepayment	86,638	-	-	-	-	-	-	-	-	-	-	-	86,638
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	297,403	179,332	172,798	251,983	184,204	188,762	179,620	209,106	238,574	244,790	194,046	256,855	2,597,473
Ending General Fund Cash Balance	(51,332)	(99,465)	(128,510)	(177,971)	(172,885)	(107,693)	13,164	(10,495)	(68,418)	(41,440)	55,670	130,092	130,092
TRANS Borrowing													
TRANS Borrowing	0	253,581	253,581	253,581	253,581	253,581	253,581	126,397	126,397	126,397	62,805	(787)	-
Proceeds of Notes	249,400	-	-	-	-	-	-	-	-	-	-	-	249,400
Principal Payment on Note	-	-	-	-	-	-	(125,000)	-	-	(62,500)	(62,500)	-	(250,000)
Premium	3,881	-	-	-	-	-	-	-	-	-	-	-	3,881
Interest Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense / Cost of Issuance	300	-	-	-	-	-	(2,184)	-	-	(1,092)	(1,092)	-	(4,068)
Total TRANS Borrowing	253,581	253,581	253,581	253,581	253,581	253,581	126,397	126,397	126,397	62,805	(787)	(787)	(787)
Ending Balance WITH TRANS Borrowing	202,249	154,116	125,071	75,610	80,696	145,888	139,561	115,902	57,979	21,365	54,883	129,305	129,305

Source: County Auditor-Controller

TABLE III
County of Riverside Fiscal Year 2014-15
Actual/Estimated General Fund Cash Flow (\$ in Thousands)

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	TOTALS
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actual	Projected	
Beginning General Fund Cash Balance	129,305	(81,507)	(145,082)	(174,669)	(254,014)	(210,518)	(223,150)	(70,598)	(57,903)	(58,116)	(88,343)	29,876	129,305
Receipts													
Property Taxes	147	(147)	7,982	4,699	45,342	11,369	51,146	-	543	18,804	66,438	592	206,915
Sales and Use Taxes	1,749	1,680	2,060	1,671	1,771	2,556	1,627	2,274	7,664	1,467	6,067	2,327	32,913
Other Taxes	1,099	1,400	816	1,438	1,314	1,059	4,501	1,138	905	1,400	1,150	6,814	23,034
Licenses & Permits	1,269	1,375	753	837	1,576	808	713	1,603	820	5,298	1,556	520	17,128
Fines, Forfeitures & Penalties	2,129	2,073	2,030	2,087	2,174	1,740	1,524	8,288	2,406	2,427	5,258	27,363	59,499
Use of Money and Property	313	316	834	416	280	821	(93)	2,215	899	567	349	1,678	8,595
State Aid	45,011	49,571	56,880	81,798	89,826	74,045	179,565	92,186	103,798	88,948	177,086	204,270	1,242,984
Federal Aid	38,392	36,818	37,476	51,370	43,964	40,359	44,863	40,782	26,115	57,236	35,963	67,457	520,795
Other Governmental Aid	-	-	-	-	-	51	47,607	-	-	-	-	41,825	89,483
Charges for Current Services	38,638	29,396	36,720	17,925	31,514	45,465	41,868	34,968	72,357	25,845	46,172	50,439	471,307
Miscellaneous Revenue	504	557	1,680	1,725	1,138	2,514	2,443	2,065	1,225	11,339	5	5,609	30,804
Other Financing Sources	-	4	7,682	6	994	6	3	6	809	4	-	3,307	12,821
Repayment of Advances to Other Funds	-	71	-	15,000	1,500	10,628	2,500	9,600	1,300	2,435	8,313	3,727	55,074
Reimbursement from Departments for CalPERS	2,701	7,204	7,292	11,063	7,284	7,737	7,626	7,453	7,633	11,382	7,605	12,726	97,706
Interfund Transfers	-	-	-	-	-	-	-	-	53,000	-	-	-	53,000
Total Receipts	131,952	130,318	162,205	190,035	228,677	199,158	385,893	202,578	279,474	227,152	355,962	428,654	2,922,058
Disbursements													
Salaries & Benefits	102,293	106,933	108,264	155,847	108,824	111,024	113,746	109,891	113,057	161,059	111,929	111,929	1,414,796
Services & Supplies	61,228	31,912	30,581	36,394	29,357	34,126	70,127	40,841	79,640	26,271	69,973	63,574	574,024
Other Charges	42,854	53,276	52,140	57,320	45,169	58,735	48,205	38,424	53,283	66,807	45,522	51,619	613,354
Fixed Assets & Capital Outlay	156	561	807	103	335	187	266	512	33,309	407	318	266	37,227
Other Financing Uses	247	911	-	16,016	1,496	6,118	997	215	398	2,835	10,001	5,010	44,244
Advances to Other Funds	49,348	300	-	3,700	-	1,600	-	-	-	-	-	-	54,948
CalPERs Prepayment	86,638	-	-	-	-	-	-	-	-	-	-	-	86,638
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	53,000	53,000
Total Disbursements	342,764	193,893	191,792	269,380	185,181	211,790	233,341	189,883	279,687	257,379	237,743	285,398	2,878,231
Ending General Fund Cash Balance	(81,507)	(145,082)	(174,669)	(254,014)	(210,518)	(223,150)	(70,598)	(57,903)	(58,116)	(88,343)	29,876	173,132	173,132
TRANS Borrowing													
TRANS Borrowing	0	253,062	253,062	253,062	253,062	253,062	253,062	100,818	100,818	100,818	100,818	(678)	-
Proceeds of Notes	253,062	-	-	-	-	-	-	-	-	-	-	-	253,062
Principal Payment on Note	-	-	-	-	-	-	(150,000)	-	-	-	(100,000)	-	(250,000)
Premium	-	-	-	-	-	-	-	-	-	-	-	(3,362)	(3,362)
Interest Earnings	-	-	-	-	-	-	-	-	-	-	-	(677)	(677)
Interest Expense / Cost of Issuance	-	-	-	-	-	-	(2,244)	-	-	(1,496)	-	4,039	299
Total TRANS Borrowing	253,062	253,062	253,062	253,062	253,062	253,062	100,818	100,818	100,818	100,818	(678)	(678)	(678)
Ending Balance WITH TRANS Borrowing	171,555	107,980	78,393	(952)	42,544	29,912	30,220	42,915	42,702	12,475	29,198	172,454	172,454

Source: County Auditor-Controller

TABLE IV
County of Riverside Fiscal Year 2015-16
Projected General Fund Cash Flow (\$ in Thousands)

	Jul-15 Projected	Aug-15 Projected	Sep-15 Projected	Oct-15 Projected	Nov-15 Projected	Dec-15 Projected	Jan-16 Projected	Feb-16 Projected	Mar-16 Projected	Apr-16 Projected	May-16 Projected	Jun-16 Projected	TOTALS
Beginning General Fund Cash Balance	172,454	(54,164)	(100,153)	(195,824)	(212,303)	(201,704)	(180,016)	40,099	22,571	(79,204)	(71,747)	78,482	172,454
Receipts													
Property Taxes	152	(152)	8,257	4,861	354	58,308	52,906	-	562	19,451	37,156	36,989	218,844
Sales and Use Taxes	1,446	1,763	2,577	1,433	1,838	2,467	5,535	2,052	2,939	2,208	4,458	2,755	31,471
Other Taxes	1,120	1,710	1,333	1,493	3,325	1,631	2,855	1,236	1,359	2,220	1,869	4,049	24,200
Licenses & Permits	1,080	1,321	816	969	1,494	678	787	1,601	883	5,367	1,434	570	17,000
Fines, Forfeitures & Penalties	1,859	1,961	1,931	1,979	2,018	1,714	2,029	3,275	5,011	5,053	4,526	25,492	56,848
Use of Money and Property	281	989	379	592	338	1,440	904	902	593	670	702	1,144	8,934
State Aid	51,155	62,932	75,206	90,718	108,541	79,468	207,075	99,941	90,722	87,152	210,528	138,976	1,302,414
Federal Aid	34,575	48,071	40,566	54,715	58,375	39,210	55,338	51,926	45,912	53,625	54,196	66,895	603,404
Other Governmental Aid	-	-	-	-	-	-	47,858	-	-	-	-	46,149	94,007
Charges for Current Services	28,896	36,639	36,236	31,650	31,817	48,492	54,100	41,080	48,980	40,803	43,937	69,740	512,370
Miscellaneous Revenue	524	1,738	708	1,325	716	1,920	1,411	953	765	12,148	2,566	5,916	30,690
Other Financing Sources	3	1,449	1,897	22	1,129	97	101	2,193	472	895	2,706	4,758	15,722
Repayment of Advances to Other Funds	-	-	-	11,357	1,747	1,747	2,621	-	4,892	3,979	24,462	2,596	53,401
Reimbursement from Departments for CalPERS	6,910	6,910	10,365	6,910	6,910	6,910	6,910	6,910	10,365	6,910	6,910	6,910	89,830
Interfund Transfers	-	-	-	-	-	-	-	-	10,000	-	-	-	10,000
Total Receipts	128,001	165,331	180,271	208,024	218,602	244,082	440,430	212,069	223,455	240,481	395,450	412,939	3,069,135
Disbursements													
Salaries & Benefits	119,080	119,080	178,620	119,080	119,080	119,080	119,080	119,080	178,620	119,080	119,080	119,080	1,548,040
Services & Supplies	50,540	35,851	36,164	39,396	36,742	41,673	52,705	61,358	80,191	44,660	64,388	107,544	651,212
Other Charges	43,241	54,597	58,414	52,925	50,441	58,328	47,003	46,633	61,661	59,080	53,858	60,540	646,721
Fixed Assets & Capital Outlay	1,423	1,327	2,550	1,228	881	1,136	727	1,068	4,213	1,213	1,604	6,477	23,847
Other Financing Uses	295	465	194	11,874	859	2,177	800	1,458	545	8,991	6,291	12,554	46,503
Advances to Other Funds	53,402	-	-	-	-	-	-	-	-	-	-	-	53,402
CalPERS Prepayment	86,638	-	-	-	-	-	-	-	-	-	-	-	86,638
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	10,000	10,000
Total Disbursements	354,619	211,320	275,942	224,503	208,003	222,394	220,315	229,597	325,230	233,024	245,221	316,195	3,066,363
Ending General Fund Cash Balance	(54,164)	(100,153)	(195,824)	(212,303)	(201,704)	(180,016)	40,099	22,571	(79,204)	(71,747)	78,482	175,226	175,226
TRANS Borrowing		253,848	253,848	253,848	253,848	253,848	253,848	100,856	100,856	100,856	100,856	(1,138)	-
Proceeds of Notes	253,848												253,848
Principal Payment on Note							(150,000)				(100,000)		(250,000)
Premium												(4,153)	(4,153)
Interest Earnings												(1,138)	(1,138)
Interest Expense / Cost of Issuance							(2,992)				(1,994)	5,291	305
Total TRANS Borrowing	253,848	253,848	253,848	253,848	253,848	253,848	100,856	100,856	100,856	100,856	(1,138)	(1,138)	(1,138)
Ending Balance WITH TRANS Borrowing	199,684	153,695	58,024	41,545	52,144	73,832	140,955	123,427	21,652	29,109	77,344	174,088	174,088

Source: County Auditor-Controller

TABLE V
County of Riverside Fiscal Year 2014-15
Comparison between Original Projected General Fund Cash Flows
and Actual/Projected General Fund Cash Flows (in Thousands)

	FY 14/15 Original Projections	FY 14/15 Actual / Revised Projections	\$ Over (Under)	% Over (Under)	
Property Taxes	\$196,770	\$206,915	\$10,145	5.2%	A
Sales and Use Taxes	33,500	32,913	(587)	-1.8%	
Other Taxes	16,714	23,034	6,320	37.8%	B
Licenses & Permits	16,692	17,128	436	2.6%	
Fines, Forfeitures & Penalties	59,752	59,499	(253)	-0.4%	
Rev from Use of Money and					
Property	8,546	8,595	49	0.6%	
State Aid	1,138,910	1,242,984	104,074	9.1%	C
Federal Aid	510,815	520,795	9,980	2.0%	
Other Governmental Aid	85,199	89,483	4,284	5.0%	
Charges for Current Services	480,865	471,307	(9,558)	-2.0%	
Miscellaneous Revenue	22,667	30,804	8,137	35.9%	D
Other Financing Sources	7,116	12,821	5,705	80.2%	E
Repayment of Advances to					
Other Funds	48,000	55,074	7,074	14.7%	F
Reimbursement from Depts					
(CalPERS)	86,892	97,028	10,136	11.7%	G
Interfund Transfers	53,000	53,000	-	0.0%	
Total	\$2,765,438	\$2,921,380	\$155,942	5.6%	
Salaries and Benefits	\$1,382,472	\$1,414,796	\$32,324	2.3%	
Services and Supplies	545,351	574,024	28,673	5.3%	H
Other Charges	611,770	613,354	1,584	0.3%	
Fixed Assets and Capital					
Outlay	7,196	37,227	30,031	417.3%	I
Other Financing Uses	44,145	44,244	99	0.2%	
Advances to Other Funds	48,000	54,948	6,948	14.5%	F
CalPERS Prepayment	86,638	86,638	-	0.0%	
Interfund Transfers	53,000	53,000	-	0.0%	
Total	\$2,778,572	\$2,878,231	\$99,231	3.6%	

A. Projections were based on 5% assessment roll value. However in July 2014, the County Assessor reported that the property assessment roll value increased by 7.75%.

B. Revenue projected has been increased to reflect the increase in the County's share of anticipated residual assets to be distributed by the end of the fiscal year.

C. State Revenue increased by \$31 million in Mental Health for Medi-Cal Match and MHSA funding, by \$25 million in DPSS public assistance programs and realignment, \$22 million in Public Safety Sales Tax and by \$10 million in Motor Vehicle In-Lieu Tax. Increases were offset by a \$26 million decreased in state mandate reimbursement revenue received as one-time money in Fiscal Year 2014-15.

D. Insurance proceeds of \$2 million were received by the Sheriff Department for a helicopter accident. \$1 million was received from Unclaimed Property Tax overpayments and we are expecting additional revenue from El Sobrante Landfill and CalPERS Reimbursement from Departments.

E. Variance is due to \$7.6 million Assessor Revenue budgeted in Fiscal Year 2013-14, but received in Fiscal Year 2014-15.

F. The Board approved a \$3.7 million advance to San Gorgonio Memorial HealthCare District and a \$1.6 million loan to Housing Authority during the fiscal year.

G. Excess CalPERS amounts collected from Departments will be applied to next year prepayment.

H. The variance is due to the CAL Fire payment of \$33.3 million which was projected in Fiscal Year 2013-14, however was paid in July 2014.

I. In June 2014, the Board approved the purchase of a building for \$36 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.

Source: County Auditor-Controller

TABLE VI
County of Riverside
Comparison between Fiscal Year 2014-15 Actual/Projected General Fund Cash Flows
and Fiscal Year 2015-16 Projected General Fund Cash Flows (in Thousands)

	FY 14/15 Actual / Revised Projections	FY 15/16 Projections	\$ Over (Under)	% Over (Under)	
Property Taxes	\$206,915	\$218,844	\$11,929	5.8%	K
Sales and Use Taxes	32,913	31,471	(1,442)	-4.4%	L
Other Taxes	23,034	24,200	1,166	5.1%	K
Licenses & Permits	17,128	17,000	(128)	-0.7%	
Fines, Forfeitures & Penalties	59,499	56,848	(2,651)	-4.5%	
Rev from Use of Money and					
Property	8,595	8,934	339	3.9%	
State Aid	1,242,984	1,302,414	59,430	4.8%	M
Federal Aid	520,795	603,404	82,609	15.9%	N
Other Governmental Aid	89,483	94,007	4,524	5.1%	K
Charges for Current Services	471,307	512,370	41,063	8.7%	O
Miscellaneous Revenue	30,804	30,690	(114)	-0.4%	
Other Financing Sources	12,821	15,722	2,901	22.6%	
Repayment of Advances to					
Other Funds	55,074	53,401	(1,673)	-3.0%	
Reimbursement from Depts					
(CalPERS)	97,028	88,692	(8,336)	-8.6%	G
Interfund Transfers	53,000	10,000	(43,000)	-81.1%	P
Total	\$2,921,380	\$3,067,997	\$146,617	5.0%	
Salaries and Benefits	\$1,414,796	\$1,548,040	\$133,244	9.4%	Q
Services and Supplies	574,024	651,212	77,188	13.4%	R
Other Charges	613,354	646,721	33,367	5.4%	
Fixed Assets and Capital					
Outlay	37,227	23,847	(13,380)	-35.9%	S
Other Financing Uses	44,244	46,503	2,259	5.1%	
Advances to Other Funds	54,948	53,402	(1,546)	-2.8%	
CalPERS Prepayment	86,638	86,638	-	0.0%	
Interfund Transfers	53,000	10,000	(43,000)	-81.1%	P
Total	\$2,878,231	\$3,066,363	\$188,132	6.5%	

K. An increase is projected as a result of increases in property assessment values.

L. Overall sales tax has been increasing however there is a decrease due to the completion of several one-time solar projects which has caused a drop in revenue received.

M. Variance in State Revenue increased by \$31 million in Mental Health for Medi-Cal Match and MHSA funding, by \$26 million in Mandate Reimbursement, by \$25 million in DPSS public assistance programs and realignment, \$22 million in Public Safety Sales Tax and by \$10 million in Motor Vehicle In-Lieu Tax.

N. Due to the health care reform act, the Department of Public Social Services has experienced an increase in caseload growth requiring additional Medi-Cal and CalFresh services. Medi-Cal services increased by 46% in the last fiscal year which in return generated additional administration revenue.

O. Charges for Services increased for the following departments: Sheriff, Fire and Public Health. Contractual Law Enforcement revenue increased due to additional patrolling services in the unincorporated areas of Riverside County. There was also an increase in the approved rates for contract city law enforcement services. The Fire Department will be increasing its fire protection services along with its California Forestry services. Public Health experienced an increase in Capitated Medi-Cal and

Medi-Cal patients in its Health Clinics as a result of the new health care reform act where uninsured patients are now eligible for Medi-Cal.

P. The County used interfund borrowing to balance out the timing of cash receipts and expenditures.

Q. Labor costs increased in Fiscal Year 2014-15 and will continue to increase in Fiscal Year 2015-16. Various labor union contracts were amended and public protection, public assistance, and health and sanitation departments expanded its staffing to accommodate the increasing demand for services in health related functions.

R. The variance in Services and Supplies are due to increases in various county departments. DPSS increased its expenditures by \$25.9 million for the maintenance of buildings, computers, communication equipment & software as well as increases in services of data processing, engineering, and personnel. The Fire Department increased its professional services by \$6 million. The Department of Mental Health increased its expenditures by \$4.3 million for the maintenance of their newly acquired building and administrative support. The Department of Public Health increased its expenditures by \$3.3 million for the maintenance of computer equipment and software. Overall County expenditures for rent and leases increased by \$7 million, liability and property insurance increased by \$7 million, car pool expenses increased by \$4 million, telephone and janitorial services increased by \$3 million and systems human resource processing charges increased by \$2 million.

S. The net variance in Fixed Assets and Capital Outlay is due to the purchase of the Mental Health Building in Fiscal Year 2014-15 for \$36 million which is offset by an increase in building improvements in Fiscal Year 2015-16.

Source: County Auditor-Controller

California Government Code Section 25252 authorizes the Board of Supervisors of the County to establish and abolish funds necessary for the proper transaction of the business of the County and further provides that the Board of Supervisors may authorize the County Auditor to perform this function. In addition, California Government Code Section 25252 authorizes the Board of Supervisors to make transfers from one fund to another as the public interest requires and further provides that the Board of Supervisors may by resolution authorize the County Auditor to make such transfers of money from one fund to another if the Board of Supervisors has authority over each such fund, as the public interest requires. Pursuant to Resolution 2010-205, adopted by the Board of Supervisors on August 10, 2010, the Board of Supervisors has authorized the County Auditor to make temporary transfers of money between those funds under the authority of the Board of Supervisors as the public interest may require.

Set forth in Table VII below are the actual and estimated alternative cash resources available to the County from the specified funds as of the dates set forth in such table. Pursuant to the authority granted in Resolution 2010-205, the County Auditor is authorized to transfer such moneys from one fund to another fund as the public interest may require, including transfers to the General Fund for the payment of the Note. There is no prescribed time period for the repayment of temporary transfers from one fund to another. The County Auditor has the authority to determine the timing of such repayments based on the needs of the respective funds.

The assumptions and estimates underlying the estimated alternative cash resources are uncertain and, though considered reasonable by the management of the County as of the date hereof, are subject to a wide variety of significant business, economic and political risks and uncertainties that could cause actual results to differ materially from those contained in the estimated alternative cash resources. Accordingly, there can be no assurance that the estimated results are indicative of the future performance of the County or that actual results will not be materially higher or lower than those contained in the estimated alternative cash resources. Inclusion of the estimated alternative cash resources in this Official Statement should not be regarded as a representation by any person that the results contained in the estimated alternative cash resources will be achieved.

TABLE VII
County of Riverside Alternative and Other Restricted Cash Resources
Actual/Projected (in Thousands)

Fund Type	Fund Purpose	Audited Actual Balance June 30, 2014	Actual/Projected Balance June 30, 2015
<i>Special Revenue</i>	<i>Transportation</i>	\$123,831	\$128,355
<i>Special Revenue</i>	<i>Flood Control</i>	263,457	225,033
<i>Special Revenue</i>	<i>Community Services</i>	38,767	81,360
<i>Special Revenue</i>	<i>County Service Areas</i>	20,933	19,283
<i>Special Revenue</i>	<i>Other Special Revenue</i>	22,902	25,732
<i>Capital Project</i>	<i>Public Facilities</i>	165,409	153,475
<i>Capital Project</i>	<i>Crest</i>	17,716	18,733
<i>Capital Project</i>	<i>PSEC</i>	253	253
<i>Enterprise</i>	<i>County Service Areas</i>	58	115
<i>Enterprise</i>	<i>Flood Control</i>	2,558	5,232
<i>Enterprise</i>	<i>Regional Medical Center</i>	(40,884)	(29,533)
<i>Enterprise</i>	<i>Waste Management</i>	43,213	119,189
<i>Internal Service</i>	<i>Records Management and Archive</i>	1,463	1,449
<i>Internal Service</i>	<i>Fleet Services</i>	11,871	8,327
<i>Internal Service</i>	<i>Information Services</i>	6,920	1,525
<i>Internal Service</i>	<i>Printing Services</i>	2,883	2,611
<i>Internal Service</i>	<i>Supply Services</i>	3,960	2,542
<i>Internal Service</i>	<i>OASIS Project</i>	-	-
<i>Internal Service</i>	<i>Risk Management</i>	163,814	170,662
<i>Internal Service</i>	<i>Temporary Assistance Pool</i>	593	240
<i>Internal Service</i>	<i>Flood Control Equipment</i>	5,532	4,467
<i>Internal Service</i>	<i>EDA Facilities Management</i>	<u>6,731</u>	<u>2,686</u>
<i>Total Alternative Cash Resources</i>		\$861,980	\$941,735

Fund Type	Fund Purpose	Audited Actual Balance June 30, 2014	Actual/Projected Balance June 30, 2015
<i>Permanent fund</i>	<i>Perris Valley Cemetery</i>	\$535	\$556
<i>Special Revenue</i>	<i>Regional Park and Open Space</i>	12,424	11,909
<i>Special Revenue</i>	<i>Air Quality Improvement</i>	170	120
<i>Special Revenue</i>	<i>In-Home Support Services</i>	1,037	1,580
<i>Special Revenue</i>	<i>Perris Valley Cemetery</i>	612	616
<i>Capital Project</i>	<i>Flood Control</i>	7,682	8,349
<i>Capital Project</i>	<i>Regional Park and Open-Space</i>	45	18
<i>Enterprise</i>	<i>Housing</i>	24,869	26,800
<i>Trust and Agency</i>	<i>Agency Funds</i>	294,179	313,429
<i>Trust and Agency</i>	<i>Private Purpose Trust</i>	120,662	61,319
<i>Debt Service</i>	<i>Pension Obligation</i>	6,395	6,158
<i>Other</i>	<i>Children and Families Commission</i>	<u>42,039</u>	<u>42,697</u>
	<i>Other Cash Resources of Riverside County</i>	\$510,649	\$473,551

Fund Type	Audited Actual Balance June 30, 2014	Actual/Projected Balance June 30, 2015
Alternative Cash Resources	\$861,980	\$941,735
Other Restricted Cash	510,649	473,551
General Fund Unrestricted Cash	<u>129,305</u>	<u>172,454</u>
All Riverside County Cash	\$1,501,934	\$1,587,740

Projected Resources June 30, 2016:

\$ 1.630 billion

Source: County Auditor-Controller

The County projects that alternative and other restricted cash resources will total approximately \$1.630 billion as of June 30, 2016, the final maturity date of the Note. The Board has pre-authorized draws on Alternative Cash Resources referenced above, if necessary to pay debt service of the Note, without the requirement of further Board action. Other Restricted Cash and General Fund Unrestricted Cash amounts are also available as resources for repayment of the Note. Pursuant to current County policy, transfers from Other Restricted Cash would require further approval by the Board.

Additional Note Obligations

Under the Resolution, the County has reserved the right to issue additional notes during Fiscal Year 2015-16 having a lien on the Pledged Revenues that is on parity or subordinate to the lien on the Pledged Revenues securing the Note, so long as the principal of and interest on the Note and such additional notes will not exceed 85% of the estimated moneys legally available for the payment of the Note and the interest thereon. A parity obligation (“Parity Note”) may be issued provided that (i) the

issuance of any such Parity Note shall not in and of itself reduce or impair the rating on the Note, (ii) the maturity date of any such Parity Note shall be later than the outstanding Note, and (iii) the Note and Parity Note shall have the same paying agent. In the event that the County issues a Parity Note, the County shall make appropriate deposits into the Payment Account with respect to such Parity Note, and in such event, the Payment Account shall also be held for the benefit of the holders of the Parity Note. The County may incur indebtedness secured by a pledge of its Pledged Revenues subordinate to the pledge of Pledged Revenues with respect to the Note and may issue subordinate tax and revenue anticipation notes. See APPENDIX F— “FORM OF RESOLUTION” attached hereto. The County currently expects that, other than the Note, it will not issue any bonds, notes or warrants pursuant to the Act with respect to the 2015-16 Fiscal Year.

Sources and Uses of Funds

The following table presents the estimated sources and uses of funds in connection with the issuance of the Note.

Sources	
Par Amount of Note	\$250,000,000.00
Original Issue Premium	<u>4,250,000.00</u>
Total Sources	\$254,250,000.00
Uses	
Deposit to General Fund	\$253,848,456.72
Costs of Issuance ¹	<u>401,543.28</u>
Total Uses	\$254,250,000.00

¹ Includes legal fees, underwriters’ discount, printing expenses and other costs of issuance.

Book-Entry-Only System

Unless otherwise noted, the information contained under the subcaption “—General” below has been provided by DTC. The County makes no representations as to the accuracy or completeness of such information. The beneficial owners of the Note should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE COUNTY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE NOTE, (C) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE OWNER OF THE NOTE; (D) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE NOTE; OR (E) ANY OTHER MATTER REGARDING DTC.

DTC will act as securities depository for the Note. The Note 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 Note certificate will be issued for each issue of the Note each in the aggregate principal amount of such issue, and will be deposited with DTC. Individual purchases of participation in the Note will be made in book-entry form only. Purchasers of the Note will not receive certificates representing their ownership interest in the Note purchased. Principal and interest payments represented by the Note are payable directly to DTC by the Paying Agent.

Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to its participants who are responsible for distributing such payments to the beneficial owners of the Note. See APPENDIX E—“BOOK-ENTRY ONLY SYSTEM” attached hereto.

THE COUNTY

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 2,308,441 as of January 1, 2015, reflecting a 1.24% increase over the prior year.

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, and serve staggered four-year terms. The Chair of the Board is elected 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 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 County 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.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the State Constitution

In 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A was subsequently amended in 1986, as discussed below. Article XIII A 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 on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the Fiscal Year 1975-76 tax bill under ‘full cash’ or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have 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 XIII A 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, and 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.

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. 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 the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of 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 the County continues as part of its allocation in future years.

Article XIII B of the State Constitution

On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Propositions 98 and 111, approved by the California voters in 1988 and 1990, respectively, substantially modified Article XIII B. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living and population. The initial version of Article XIII B provided that the “base year” for establishing an appropriations limit was the 1978-79 Fiscal Year, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in Fiscal Year 1990-91, each appropriations limit must be recalculated using the actual 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitation of a local government under Article XIII B include generally any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to, all tax revenues plus the proceeds to an entity of government from (1) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (2) the investment of tax revenues, and (3) certain subventions received from the State. Article XIII B permits any government entity to change the appropriations limit by a vote of the electors in conformity with statutory and constitutional voting effective for a maximum of four years.

As amended by Proposition 111, Article XIII B provides for testing of appropriations limits over consecutive two-year periods. If an entity’s revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. As amended by Proposition 98, Article XIII B provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs.

The County’s appropriations limit for the Fiscal Year 2013-14 was \$2,388,219,717 and the amount shown in its budget for that year as the appropriations subject to limitation was \$862,139,716.

The County's appropriations limit for Fiscal Year 2014-15 is \$2,416,779,004 and the amount subject to the limitation is \$875,067,523.

Right To Vote on Taxes Initiative-Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIIC and XIID to the California Constitution and contains a number of interrelated provisions affecting the ability of local agencies to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 (Article XIIC) 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.

Proposition 218 (Article XIID) also adds several provisions making it generally more difficult for local agencies to levy and maintain fees, charges, and assessments for municipal services and programs. 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 XIID, 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.

Proposition 218 (Article XIIC) also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of any 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. No such initiative is currently pending, or to the knowledge of the County, proposed.

The County is unaware of any assessments imposed by the County which, if challenged, would adversely affect County finances. Implementing legislation respecting Proposition 218 may be introduced in the State legislature from time-to-time that would supplement and add provisions to California statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the County.

Proposition 62

Proposition 62, a statutory initiative that was adopted by the voters voting in the State at the November 4, 1986 general election, (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities be approved 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 XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires a reduction of ad valorem property taxes allocable to the jurisdiction imposing a tax not in

compliance with its provisions equal to one dollar for each dollar of revenue attributable to the invalid tax, for each year that the tax is collected.

Following its adoption by the voters, various provisions of Proposition 62 were declared unconstitutional at the appellate court level. For example, in *City of Woodlake v. Logan*, 230 Cal.App.3d 1058 (1991) (the “Woodlake Case”), the Court of Appeal held portions of Proposition 62 unconstitutional as a referendum on taxes prohibited by the California Constitution. In reliance on the Woodlake Case, numerous taxes were imposed or increased after the adoption of Proposition 62 without satisfying the voter approval requirements of Proposition 62. On September 28, 1995, the California Supreme Court, in *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal. 4th 220 (1995) (the “Santa Clara Case”), upheld the constitutionality of the portion of Proposition 62 requiring a two-thirds vote in order for a local government or district to impose a special tax, and, by implication, upheld a parallel provision requiring a majority vote in order for a local government or district to impose any general tax. In deciding the Santa Clara Case on Proposition 62 grounds, the Court disapproved the decision in the Woodlake Case.

The decision in the Santa Clara Case did not address the question of whether it should be applied retroactively. On June 4, 2001, the California Supreme Court released *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* 74 Cal.App.4th 707 (1999) (the “La Habra” case). In this decision, the court held that a public agency’s continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought. No such challenge against the County is currently pending, or to the knowledge of the County, proposed.

Proposition 1A

Proposition 1A, proposed by the Legislature in connection with the 2004-05 Budget Act, approved by the voters in November 2004 and generally effective in 2007-08 Fiscal Year, 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. 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 VLF rate then in effect, 0.65 percent 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 finances of the County.

Proposition 22

Proposition 22, approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties and special districts to schools, temporarily increase a school and community college districts' share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increases pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. Proposition 22 prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies. While Proposition 22 will not change overall State and local government costs or revenues by the express terms thereof, it will cause the State to adopt alternative actions to address its fiscal and policy objectives.

Proposition 25

According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the Legislature for passage. However, on November 2, 2010, the voters approved Proposition 25, which amends the State Constitution to lower the vote requirement necessary for each house of the Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two-thirds to a simple majority (50% plus one) of each house of the Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the Legislature "as related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the Legislature is still required to override any veto by the Governor.

Proposition 26

On November 2, 2010, the voters passed Proposition 26, which amends the State Constitution to require that certain state and local fees be approved by two-thirds of each house of the Legislature instead of a simple majority, or by local voters. The change in law affects regulatory fees and charges such as oil recycling fees, hazardous materials fees and fees on alcohol containers.

Proposition 26 provides that the local government bears the burden of proving by a preponderance of 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 government activity, and that the manner in which those costs are allocated to a payor bear a reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The County does not expect the provisions of Proposition 26 to materially and adversely affect its ability to pay debt service on the Note when due.

Assessment Appeals and Assessor Reductions

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county assessment appeals board (a "Proposition 8" appeal).

Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as “ongoing hardship”), a county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. In a similar manner, a county assessor may reassert the pre-appeal level of assessed value depending on the county assessor’s determination of current value.

In addition to reductions in assessed value resulting from Proposition 8 appeals and general economic conditions, California law also allows assessors to reduce assessed value unilaterally based on a general decline in market value of an area. Although Proposition 8 reductions are temporary and are expected to be eliminated under Proposition 13 if and when market conditions improve, no assurance is given that such reductions will be eliminated. The County has been affected by a reduction in taxable property assessed values due to successful property owner appeals and unilateral reductions by the County Assessor, and may experience additional reductions in the future. According to the Riverside County Assessor-County Clerk-Recorder Annual Report 2014-2015, in Fiscal Year 2014-15, the secured property tax roll increased by approximately 8.01% from the prior year. The County expects assessed valuation to increase by approximately 5.0% in Fiscal Year 2015-16, primarily as a result of increasing property values and sale volume. See APPENDIX A: “INFORMATION REGARDING THE COUNTY OF RIVERSIDE.”

Timing is an important consideration with respect to the property valuation process. Values are set for the current year with a valuation date as of the preceding January 1. Changes in market value subsequent to the January 1 valuation date are not reflected until the subsequent year. Therefore, there is an inherent lag in the process.

The County Assessor prepares the tax roll in each spring and summer. Owners are notified of changes in valuation by early fall and have the ability to file an appeal. The deadline for appeals in the County is November 30th. Current year appeals take a number of months to process and typically are not resolved by the end of the fiscal year.

Assessor-initialized reductions generally represent the bulk of adjustments to the tax roll during a time of a market decline. Cumulatively, assessed valuation in the County declined 11% since Fiscal Year 2007-08 through Fiscal Year 2013-14 due to the County Assessor’s proactive reviews. There were significantly less proposition 8 reductions in Fiscal Year 2014-15 and the downward trend in the number of proposition 8 reductions is expected to continue for fiscal Year 2015-16.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 62, 1A, 25 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.

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 guaranty 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 with respect to the Note 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 2014-15, approximately 43.7% of the County's General Fund budget revenues consist of payments from the State and approximately 20.2% consists of payments from the Federal government. For Fiscal Year 2015-16, the County projects that approximately 44.7% of its General Fund budget revenues will consist of payments from the State and 20.6% 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 nor 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 current and past budgets 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. 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 2014-15. On June 20, 2014, the Governor signed the State Budget Act for Fiscal Year 2014-2015 (the "2014-15 Budget Act"). The 2014-15 Budget Act represents a multiyear plan that maintains a \$449 million reserve and uses \$1.6 billion for the State's rainy day fund while continuing to pay down certain debts and unfunded liabilities of the State. The 2014-15 Budget Act provides for approximately \$105 billion in revenues and transfers for Fiscal Year 2014-2015 (up slightly from the approximate \$102 billion estimated for Fiscal Year 2013-14), and approximately \$108 billion in total expenditures for Fiscal Year 2014-15 (up from the approximate \$101 billion estimates for Fiscal Year 2013-14). The State enters Fiscal Year 2014-15 with a positive prior year general fund balance, approximately \$3.9 billion, as compared to a positive general fund balance of approximately \$2.4 billion at the start of Fiscal Year 2013-14.

The 2014-15 Budget Act projects that budgetary debt, which was approximately \$35 billion at the end of Fiscal Year 2010-11 and approximately \$26 billion at the end of Fiscal Year 2013-14, will be reduced to approximately \$15.6 billion or \$13.8 billion (if State revenues rise higher than anticipated in the 2014-15 Budget) by the end of Fiscal Year 2014-15 and will be completely eliminated by 2017-18.

Significant features of the 2014-15 Budget Act pertaining to counties include the following:

- *Redevelopment Agency Funds*—In those areas that contained redevelopment agencies, the 2014-15 Budget Act estimates that over Fiscal Year 2013-14 and Fiscal Year 2013-14, combined, approximately \$731 million in redevelopment agency funds will be distributed back to counties.
- *Medi-Cal Expansion*—The 2014-15 Budget Act estimates that Medi-Cal enrollment is expected to rise from 7.9 million before implementation to 11.5 million in Fiscal Year 2014-15, covering nearly thirty percent of the State's population. The 2014-15 Budget Act

assumes the general fund Medi-Cal costs will rise by \$2.4 billion over Fiscal Year 2012-13 since approximately 800,000 individuals will receive Medi-Cal benefits under the mandatory expansion where costs are on a 50/50 basis with the federal government.

- *CalWORKs Employment Services*— The 2014-15 Budget Act includes \$46.6 million for a 5 percent grant increase, effective April 1, 2015. Similar to the 5 percent increase that took effect March 1, 2014, the State’s general fund will support these costs until sufficient other revenues become available.
- *In-Home Supportive Services (“IHSS”)*— Pursuant to new United States Department of Labor regulations, the 2014-15 Budget Act provides \$172.2 million in 2014-15 and \$354.4 million ongoing to pay overtime to providers who work in excess of 40 hours per week and for compensation for providers traveling between multiple recipients, wait time associated with medical accompaniment, and time spent on mandatory training. The 2014-15 Budget Act also includes a statutory framework to maintain quality of care while containing overtime costs.

The complete 2014-2015 Budget Act and additional information concerning the State’s financial condition is available from the California Department of Finance website at www.dof.ca.gov and the State’s Legislative Analyst’s Office at <http://www.lao.ca.gov>. The County can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Proposed State Budget for Fiscal Year 2015-16 and May Revision. On January 9, 2015, the Governor released the 2015-16 Proposed State Budget (the “2015-16 Proposed Budget Act”), which projects Fiscal Year 2014-15 General Fund revenues and transfers of \$108.0 billion, total expenditures of \$111.7 billion and a year-end surplus of \$1.4 billion (inclusive of the \$5.1 billion fund balance in the State’s General Fund from Fiscal Year 2013-14), of which \$971 million would be reserved for the liquidation of encumbrances and \$452 million would be deposited in a reserve for economic uncertainties. As required by the Fiscal Year 2014-15 California State Budget (the “2014-15 Budget Act”), the Governor is proposing to pay local governments \$533 million for pre-2004 mandate debt. Approximately \$390 million of such amount would go to counties, of which \$27 million is estimated to be received by the County. The Governor also proposed an increase of \$150 million and \$240 million in Fiscal Years 2014-15 and 2015-16, respectively, for county Medi-Cal administration. The 2015-16 Proposed Budget Act estimates that counties will save \$724.9 million and \$698.2 million in Fiscal Year 2014-15 and Fiscal Year 2015-16, respectively, in indigent health care costs under the Affordable Care Act, all of which will be redirected to fund CalWORKs grant increases. The 2015-16 Proposed Budget Act also describes certain factors threatening the continuation of the In Home Supportive Services Maintenance of Effort (“MOE”) negotiated by counties with the State in 2012. In Fiscal Year 2013-14, the county share of the MOE was approximately \$1 billion. Additionally, the 2015-16 Proposed Budget Act estimates that as home values continue to rise and sales volumes continue to grow, statewide property tax revenues will continue to show “steady, positive growth.” Specifically, the State estimates that property tax revenues will increase by 6.1% in 2014-15 and 5.25% in 2015-16. The County is currently evaluating the Governor’s 2015-16 Proposed Budget Act. The impact of the Governor’s 2015-16 Proposed Budget Act on the County’s finances cannot be determined at this time.

On May 14, 2015, the Governor released the May Revision to the 2014-15 Budget Act and the 2015-16 Proposed Budget Act (the “2015-16 May Revision”) which projects Fiscal Year 2015-16 General Fund revenue and transfers of \$115.0 billion, total expenditures of \$115.3 billion and a year-end surplus of \$2.1 billion, of which \$971 million would be reserved for liquidation of encumbrances and \$1.1 billion would be deposited in a reserve fund for economic uncertainties. In light of the approximate

\$6.7 billion in unexpected Fiscal Year 2014-15 and Fiscal Year 2015-16 general fund revenue, the Governor is proposing to fully fund repayment of the pre-2004 mandates, totaling \$765 million (an increase of approximately \$232 million over that proposed in the 2015-16 Proposed Budget Act). Approximately \$589 million of such amount would go to counties (the County expects to receive 100% of the reimbursement it is owed for pre-2004 mandates) in Fiscal Year 2014-15. The 2015-16 May Revision also proposes to spend an additional \$2.2 billion on drought relief, in the form of water supply and conservation programs and emergency response to drought conditions. The 2015-16 May Revision proposes an additional \$150 million in Fiscal Year 2015-16 for Medi-Cal administration. The 2015-16 May Revision proposes a number of new poverty reduction strategies which include a proposal to implement a \$380 million state Earned Income Tax Credit (which would increase the after-tax income of low-income workers) and a proposal to fund approximately \$1.4 billion (an increase of \$150 million over the 2015-2016 Proposed Budget) to support a coordinated framework for adult education, career technical education, workforce investment and apprenticeships. The 2015-16 May Revision saw little change with regard to transportation funding and one area of concern for counties remains the lack of focus on funding for maintaining local streets, roads and bridges. The County is currently evaluating the Governor's 2015-16 May Revision. The impact of the Governor's 2015-16 May Revision on the County's finances cannot be fully determined at this time.

Legislative Analyst's Office Response to 2015-16 Proposed Budget and 2015-16 May Revision.

The Legislative Analyst's Office (the "LAO") released its Overview of the 2015-16 Proposed Budget on January 13, 2015 and its assessment of the 2015-16 May Revision is available on the LAO's website (which is not incorporated by reference herein) (together, the "LAO Overview"). The LAO Overview praised the Governor's emphasis on debt repayment and stated that the 2015-16 Proposed Budget would place California on an even stronger fiscal footing. The LAO Overview also gives the Governor considerable credit for his proposal to fully fund the California State Teachers Retirement System (CalSTRS) unfunded liabilities within 30 years, and stated that over the long run, eliminating these liabilities will significantly lower state costs, affording future generation more flexibility in public budgeting. With regards to the 2015-16 May Revision, the LAO Overview stated that the state has a very volatile revenue system and although the State's revenues have improved significantly over just a few months, it can just as easily reverse course with a stock market or economic downturn. The LAO Overview stated that restraint in approving new ongoing programs is key to preventing an unsustainable spending base and building a large budget reserve is key to lessening the effects of sharp revenue declines in the future.

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.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), Bond Counsel to the County, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Note is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. The amount treated as interest on the Note and excluded from gross income may depend upon the

taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Note is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of the opinion of Bond Counsel is set forth in APPENDIX C—"PROPOSED FORM OF OPINION OF BOND COUNSEL."

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on debt obligations such as the Note that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity, or (ii) the difference between the issue price of the Note and the aggregate amount to be paid at maturity of the Note (the "original issue discount"). For this purpose, the issue price of the Note is the first price at which a substantial amount of the Note is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Note original issue discount treatment is elected.

A Note purchased, whether at original issuance or otherwise, for an amount higher than the principal amount payable at maturity ("Premium Note") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Note, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a holder of the Note's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such holder of the Note. Holders of a Premium Note should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Note. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Note will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Note being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Note. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Note may adversely affect the value of, or the tax status of interest on, the Note. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

One of the covenants of the County referred to above requires the County to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Note which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to ensure that interest on the Note is excluded from gross income for federal income tax purposes. Under the Code, if the County spends 100% of the proceeds of the Note within six months after issuance, there is no requirement that there be a rebate of investment profits in order for interest on the Note to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not

deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The County expects to satisfy this expenditure test or, if it fails to do so, to make any required rebate payments from moneys received or accrued during the 2015-16 Fiscal Year. To the extent that any rebate cannot be paid from such moneys, California law is unclear as to whether such covenant would require the County to pay any such rebate. This would be an issue only if it were determined that the County's calculation of expenditures of Note proceeds or of rebatable arbitrage profits, if any, was incorrect.

Although Bond Counsel is of the opinion that interest on the Note is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Note may otherwise affect a holder of the Note's federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the holder(s) of the Note or the holder(s) of the Note's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Note to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent holders from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Note to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Note. Prospective purchasers of the Note should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Note for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Note ends with the issuance of the Note, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the holders of the Note regarding the tax-exempt status of the Note in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the holders of the Note, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of the IRS's positions with which the County legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Note for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Note, and may cause the County or the holders of the Note to incur significant expense.

LITIGATION

No litigation is pending, or, to the best knowledge of the County, threatened, concerning the validity of the Note or the Resolution, or contesting the County's ability to appropriate or make the

repayment of the Note, and an opinion of the Office of County Counsel to that effect will be furnished to the Underwriters at the time of the execution and delivery of the Note. See APPENDIX A—“INFORMATION REGARDING THE COUNTY OF RIVERSIDE—Financial Information—Litigation” for a discussion of the County’s pending general litigation.

LEGALITY FOR INVESTMENT

Under provisions of the California Financial Code, the Note is a legal investment for commercial banks in California to the extent that the Note, in the informed opinion of the bank, is prudent for the investment of funds of its depositors, and is eligible to secure deposits of public moneys in California under provisions of the California Government Code.

UNDERWRITING

The Note is being purchased initially by J.P. Morgan Securities (“J.P. Morgan”), and Stifel, Nicolaus & Company, Inc. (“Stifel”, and, together with J.P. Morgan, the “Underwriters”), at a price of \$254,153,456.72 (being the par amount of the Note, plus an original issue premium in the amount of \$4,250,000.00, less the Underwriter’s discount of \$96,543.28). The Contract of Purchase provides that the Underwriters will purchase the entire Note, if it is purchased. Furthermore, the obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase and certain other conditions.

The Underwriters may offer and sell the Note to certain dealers and others at a price lower than the initial public offering price. The offering price may be changed from time to time by the Underwriters.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Note, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase the Note from JPMS at the original issue price less a negotiated portion of the selling concession applicable to the Note that such firm sells.

CONTINUING DISCLOSURE

Pursuant to the Resolution, the County has covenanted for the benefit of the Owners and beneficial owners of the Note to comply with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”) and will enter into a Continuing Disclosure Certificate as of the closing date, in which it covenants to provide information regarding material adverse events, if any such events should occur in connection with the following, to the owners of the Note and to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system, or any successor thereto, during the term of the Note. In addition, the County has covenanted to provide updated quarterly cash flow information within 40 days of the end of each fiscal quarter, beginning with the fiscal quarter ending September 30, 2015. See APPENDIX D—“PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriters in complying with 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; and (ii) missing, incomplete or late filing of annual 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.

Some specific examples of such failures include:

(a) The annual report and financial statements for fiscal year 2008-09, the first County filings which were required to be submitted to EMMA after the effective date of revisions to the Rule, were submitted significantly late with respect to each County issuance outstanding during the first quarter of the 2009-10 fiscal year. The County had failed to update its compliance procedures and filed its annual report and financial statement for such year in accordance with the superceded Rule requirements. Subsequently, the County has since submitted to EMMA the annual reports and financial statements for fiscal year 2008-09.

(b) No filings were submitted to the MSRB with respect to the Housing Authority of the County of Riverside Refunding Revenue Bonds 1998 Series A (Corona Projects), and no filings were made to the MRSB in fiscal years 2010-11, 2011-12 and 2012-13 with respect to certain redevelopment bonds issued by the Riverside County Public Financing Authority.

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 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.

RATINGS

Standard and Poor's Rating Services, a division of the McGraw Hill Companies Inc. and Fitch, Inc. have assigned ratings of "SP-1+" and "F1+", respectively, to the Note. Such ratings reflect only the views of such rating agencies, and any explanation of the significance of such ratings should be obtained from each rating agency. Further, there is no assurance that any of the ratings will be retained for any given period of time or that any of the ratings will not be revised or withdrawn entirely by such rating agencies if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the trading value and the market price of the Note.

CERTAIN LEGAL MATTERS

At the time of the delivery of the Note, Orrick, Herrington & Sutcliffe LLP, Bond Counsel, will deliver its final approving opinion. A proposed form of such approving opinion is contained in

APPENDIX C hereto and will be delivered to DTC with the Note. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the County by the County Counsel, and for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriter's Counsel, is contingent upon the issuance of the Note. Underwriters Counsel has undertaken no responsibility for the accuracy, completeness or fairness of this Official Statement.

FINANCIAL ADVISOR

The County has retained Fieldman, Rolapp & Associates, Irvine, California, as Financial Advisor in connection with the authorization and delivery of the Note. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. The fees of the Financial Advisor are contingent upon the sale, issuance and delivery of the Note.

Fieldman, Rolapp & Associates is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

FINANCIAL STATEMENTS

The general purpose financial statements of the County, pertinent sections of which are included in APPENDIX B to this Official Statement, have been audited by Brown Armstrong Certified Public Accountants, independent certified public accountants, as stated in their report appearing in APPENDIX B. Brown Armstrong Certified Public Accountants, has not consented to the inclusion of its report as APPENDIX B and has not undertaken to update 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 Brown Armstrong Certified Public Accountants, with respect to any event subsequent to its report dated December 5, 2014. See APPENDIX B— "THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014" attached hereto.

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MISCELLANEOUS

References made herein to certain documents and reports are brief summaries thereof, which do not purport to be complete or definite, and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Resolution are available upon request from the County of Riverside, County Executive Office, 4th Floor, 4080 Lemon Street, Riverside, California 92501, Attention: County Finance Director.

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 County and the purchasers or holders of the Note.

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

COUNTY OF RIVERSIDE

By: /s/ Jay Orr
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 2,308,441 as of January 1, 2015, representing an approximately 1.24% increase over the County's population as estimated for the prior year. For the ten year period of January 1, 2005 to January 1, 2015, the County's population grew by approximately 21.8%. During this period, the cities of Eastvale, Jurupa Valley, Menifee and Wildomar incorporated, and account for a total population of 353,823 as of January 1, 2015. The growth in the County has slowed in recent years, during which period the County's population has grown at a rate close to the statewide average.

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)

<u>CITY</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Banning	29,723	30,051	30,177	30,306	30,491
Beaumont	38,966	38,851	39,787	40,853	42,481
Blythe	20,063	20,440	19,609	18,982	18,909
Calimesa	7,910	8,022	8,096	8,225	8,353
Canyon Lake	10,606	10,721	10,771	10,817	10,901
Cathedral City	51,400	52,108	52,350	52,571	52,903
Coachella	41,339	42,030	42,795	43,601	43,917
Corona	153,047	154,985	156,864	159,109	160,287
Desert Hot Springs	27,277	27,721	27,835	27,986	28,134
Eastvale	54,090	55,770	57,266	59,151	60,633
Hemet	79,309	80,329	80,899	81,520	82,253
Indian Wells	4,990	5,050	5,083	5,133	5,194
Indio	76,817	78,298	81,415	82,375	84,201
Jurupa Valley	-	96,745	97,272	97,738	98,885
Lake Elsinore	52,294	53,183	55,444	56,688	58,426
La Quinta	37,688	38,190	38,412	39,023	39,694
Menifee	79,139	80,831	82,314	83,686	85,385
Moreno Valley	194,451	197,086	198,183	199,257	200,670
Murrieta	104,051	105,300	105,860	106,393	107,279
Norco	26,968	27,123	26,632	26,566	25,891
Palm Desert	48,920	49,619	49,962	50,424	51,053
Palm Springs	44,829	45,414	45,724	46,135	46,611
Perris	69,506	70,391	70,983	72,063	72,908
Rancho Mirage	17,399	17,556	17,643	17,739	17,889
Riverside	306,069	309,407	312,035	314,221	317,307
San Jacinto	44,421	44,937	45,229	45,537	45,895
Temecula	101,255	103,403	104,907	106,256	108,920
Wildomar	<u>32,414</u>	<u>32,818</u>	<u>33,182</u>	<u>33,696</u>	<u>34,148</u>
TOTALS					
Incorporated	1,754,009	1,876,494	1,896,729	1,916,051	1,939,618
Unincorporated	<u>451,722</u>	<u>357,699</u>	<u>358,924</u>	<u>364,140</u>	<u>368,823</u>
County-Wide	<u>2,205,731</u>	<u>2,234,193</u>	<u>2,255,653</u>	<u>2,280,191</u>	<u>2,308,441</u>
California	37,510,766	37,668,804	37,984,138	38,357,121	38,714,725

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 2011 through 2015:

**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
2011			
Riverside County	\$ 38,492,225	\$44,253	43.07%
California	\$801,393,028	\$47,117	46.78%
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%

(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 County by industry is set forth in the following table.

RIVERSIDE-SAN BERNARDINO-ONTARIO PMSA ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY⁽¹⁾

(In Thousands)

<u>INDUSTRY</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Agriculture	15.0	14.9	15.0	14.5	14.3
Construction	59.7	59.1	62.6	70.0	77.0
Finance Activities	41.0	39.9	40.8	42.2	42.7
Government	234.3	227.5	224.6	225.2	228.8
Manufacturing:	85.1	85.1	86.7	87.3	90.2
Nondurables	29.8	29.3	29.8	30.1	30.4
Durables	55.3	55.8	56.8	57.3	59.8
Natural Resources and Mining	1.0	1.0	1.2	1.2	1.3
Retail Trade	155.5	158.5	162.3	164.8	168.7
Professional, Educational and other Services	438.5	446.3	463.6	493.9	518.9
Transportation, Warehousing and Utilities	66.6	68.8	73.8	79.4	87.3
Wholesale Trade	48.6	49.0	52.1	56.4	59.0
Information, Publishing and Telecommunications	<u>14.0</u>	<u>12.1</u>	<u>11.5</u>	<u>11.5</u>	<u>11.2</u>
Total, All Industries	<u>1,159.3</u>	<u>1,162.2</u>	<u>1,194.2</u>	<u>1,246.4</u>	<u>1,299.5</u>

(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 2014 and their respective product or service and number of employees as of 2014.

**COUNTY OF RIVERSIDE
CERTAIN MAJOR EMPLOYERS⁽¹⁾
(2014)**

<u>Company Name</u>	<u>Product/Service</u>	<u>No. of Local Employees⁽²⁾</u>
County of Riverside	Government	18,728
March Air Reserve Base	Military Reserve Base	9,000
Stater Brothers Market	Supermarket	6,900
Walmart	Retail Store	5,681
University of California, Riverside	University	5,497
Kaiser Permanente Riverside Medical Center	Hospital	5,300
Corona-Norco Unified School District	School District	4,932
Pechanga Resort & Casino	Resort Casino	4,000
Riverside Unified School District	School District	3,871
Hemet Unified School District	School District	3,400

(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 2010 through 2014 and for March 2015 are set forth in the following table.

**COUNTY OF RIVERSIDE
COUNTY, STATE AND NATIONAL UNEMPLOYMENT DATA**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>March 2015</u>
County ⁽¹⁾	14.5%	13.7%	12.1%	10.3%	8.2%	6.6%
California ⁽¹⁾	12.4	11.8	10.4	8.9	7.5	6.7
United States ⁽²⁾	9.6	8.9	8.1	7.4	6.2	5.5

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

(2) 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 transactions in the County for the years 2009 through 2013, the last year being the most recent full year of which annual data is currently available.

COUNTY OF RIVERSIDE TAXABLE SALES TRANSACTIONS (IN THOUSANDS)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Motor Vehicles and Parts Dealers	\$2,449,747	\$2,620,568	\$3,010,487	\$3,493,098	\$3,965,201
Furniture and Home Furnishings	381,643	412,325	436,482	441,649	486,061
Electronics and Appliances Stores	476,455	470,784	478,406	488,419	510,423
Building Materials, Garden Equipment and Supplies	1,237,518	1,232,145	1,303,073	1,365,513	1,535,178
Food and Beverage Stores	1,251,220	1,267,758	1,304,731	1,356,148	1,421,590
Health and Personal Care Stores	389,620	400,207	454,268	490,238	523,724
Gasoline Stations	2,300,247	2,685,840	3,300,785	3,516,040	3,456,322
Clothing and Clothing Accessories Stores	1,293,271	1,391,174	1,505,821	1,672,482	1,771,603
Sporting Goods, Hobby, Book and Music Stores	411,301	428,121	454,971	467,536	499,366
General Merchandise Stores	2,855,733	2,947,905	3,051,709	3,174,022	3,298,920
Miscellaneous Store Retailers	641,954	652,273	700,338	742,118	758,664
Nonstore Retailers	101,925	92,916	101,876	142,081	243,334
Food Services and Drinking Places	<u>2,266,853</u>	<u>2,317,486</u>	<u>2,473,339</u>	<u>2,668,324</u>	<u>2,836,388</u>
Total Retail and Food Services	<u>\$16,057,488</u>	<u>\$16,919,500</u>	<u>\$18,576,285</u>	<u>\$20,016,668</u>	<u>\$21,306,774</u>
All Other Outlets	<u>6,170,390</u>	<u>6,233,280</u>	<u>7,065,212</u>	<u>8,079,341</u>	<u>8,758,693</u>
Total All Outlets	<u>\$22,227,877</u>	<u>\$23,152,780</u>	<u>\$25,641,497</u>	<u>\$28,096,009</u>	<u>\$30,065,467</u>

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 2009 through 2014.

**COUNTY OF RIVERSIDE
BUILDING PERMIT VALUATIONS⁽¹⁾
(IN THOUSANDS)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
RESIDENTIAL					
New Single-Family	\$ 914,058	\$ 651,747	\$ 854,814	\$1,134,158	\$1,296,553
New Multi-Family	71,152	115,064	99,578	136,501	178,117
Alterations and Adjustments	<u>94,429</u>	<u>119,684</u>	<u>84,517</u>	<u>94,422</u>	<u>147,081</u>
Total Residential	\$1,079,639	\$ 886,495	\$1,038,963	\$1,365,081	\$1,621,751
NON-RESIDENTIAL					
New Commercial	\$ 191,324	\$ 152,160	\$ 346,865	\$ 80,510	\$ 184,138
New Industry	6,686	10,000	3,767	140,972	161,321
New Other ⁽¹⁾	98,105	99,898	78,602	184,500	142,204
Alterations & Adjustments	<u>243,265</u>	<u>297,357</u>	<u>154,325</u>	<u>364,616</u>	<u>327,327</u>
Total Nonresidential	\$ 539,380	\$ 559,415	\$ 583,559	\$ 770,598	\$ 814,990
TOTAL ALL BUILDING	<u>\$1,619,019</u>	<u>\$1,445,910</u>	<u>\$1,602,522</u>	<u>\$2,135,679</u>	<u>\$2,436,741</u>

(1) Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings, photovoltaic systems and other non-residential buildings and structures.

Source: Construction Industry Research Board for 2010, 2011 and 2014, California Homebuilding Foundation for 2012 and 2013

**COUNTY OF RIVERSIDE
NUMBER OF NEW DWELLING UNITS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Single Family	4,031	2,676	3,455	4,671	5,007
Multi-Family	<u>526</u>	<u>1,073</u>	<u>829</u>	<u>1,415</u>	<u>1,931</u>
TOTAL	<u>4,557</u>	<u>3,749</u>	<u>4,284</u>	<u>6,086</u>	<u>6,938</u>

Source: Construction Industry Research Board for 2010, 2011 and 2014, 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 2009 through 2014.

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

<u>Year</u>	<u>Los Angeles</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Southern California⁽¹⁾</u>
2009	\$320,000	\$190,000	\$150,000	\$270,000
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

⁽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 2009 through 2014.

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

<u>Year</u>	<u>Los Angeles</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Southern California⁽¹⁾</u>
2009	29,943	25,309	19,560	100,106
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

⁽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 an important source of income in the County. Principal agricultural products are milk, eggs, table grapes, grapefruit, nursery stock, alfalfa, bell peppers, dates, lemons 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 does not expect at this time that the drought in general will impact agricultural production in the County.

The following table sets forth the value of agricultural production in the County for the years 2009 through 2013.

COUNTY OF RIVERSIDE VALUE OF AGRICULTURAL PRODUCTION

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Citrus Fruits	\$101,652,000	\$140,500,922	\$119,942,513	\$125,711,000	\$142,404,000
Trees and Vines	191,682,600	164,993,960	232,649,262	217,214,000	232,536,000
Vegetables, Melons, Misc.	221,286,700	292,002,337	278,628,295	286,234,000	340,407,000
Field and Seed Crops	69,699,800	81,328,229	149,198,052	147,352,000	154,582,000
Nursery	206,499,900	169,341,300	200,154,964	190,878,100	191,215,000
Apiculture	5,017,600	4,631,700	4,844,400	4,983,400	4,715,000
Aquaculture Products	<u>5,243,900</u>	<u>4,921,700</u>	<u>4,808,250</u>	<u>4,205,000</u>	<u>2,262,000</u>
Total Crop Valuation	\$ 801,082,500	\$857,720,148	\$990,225,736	\$976,577,000	\$1,068,121,000
Livestock and Poultry Valuation	<u>214,672,800</u>	<u>235,926,225</u>	<u>292,030,380</u>	<u>276,553,000</u>	<u>259,683,000</u>
Grand Total	<u>\$1,015,755,300</u>	<u>\$1,093,646,373</u>	<u>\$1,282,256,116</u>	<u>\$1,253,130,000</u>	<u>\$1,327,804,000</u>

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 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.

Metrolink provides commuter rail service to Los Angeles, San Bernardino and Orange Counties from several 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 Burlington Northern and Santa Fe 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. 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 Geronio 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.

In January 2014, California's governor proclaimed a state of emergency due to the ongoing drought, and directed State officials to take all necessary actions to prepare for drought conditions. On July 15, 2014, the State Water Resources Control Board ("SWRCB") adopted drought regulations that give local agencies the authority to fine those who waste water up to \$500 a day. The uncertainty associated with long-term water supply is a major concern of local and regional water agencies in California, especially southern California, which has been exacerbated due to the current drought. The governor and the State Legislature have been continuously engaged in discussions on potential strategies to help mitigate the effects of the drought. However, as a result of low rainfall and snowfall during the 2014-15 winter season, low water supply throughout the State remains an issue. 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 schedule to result in water savings amounting to approximately 1.3 million acre-feet of water over the next

nine months. There are currently pending associated regulations on the means and methods to achieve such conservation before the SWRCB and such figures assume approval anticipated to take effect in May 2015.

In December 2006, the Board of Supervisors adopted Ordinance 859 - Water Efficient Landscaping Ordinance (“Ordinance 859”), which conforms to State Assembly Bill 1881. Ordinance 859 was subsequently amended in October 2009 with the adoption of Ordinance 859.2 (“Ordinance 859.2”) because State Assembly Bill 1881 required the implementation of water efficient landscape practices for new developments and Ordinance 859 had stricter requirements than those required under Assembly Bill 1881. Additionally, the Board of Supervisors amended Policy H-25 requiring the retrofit of public buildings to conform to the requirements of Ordinance 859.2. The Executive Order notes that the California Building Commission will develop revised outdoor irrigation standards for new development, and that once promulgated, the County will be required to comply with such standards. However, the County is in the process of researching and evaluating Ordinance 859.2 for proposed revisions and anticipates that any potential revision to Ordinance 859.2 may be more stringent than the proposed State standards. A workshop before the Board of Supervisors to discuss potential revisions to Ordinance 859.2 is expected to occur in May 2015.

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. Most residents in rural areas of the County which are unsewered rely upon septic tanks and leach fields for sewage disposal.

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. A final budget that reflects any revisions to the recommended budget must be adopted 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 2014-15 Budget

In June 2014, the Board of Supervisors approved the Fiscal Year 2014-15 Recommended Budget (the “Recommended Budget”) and subsequently adopted the Fiscal Year 2014-15 Budget (the “Adopted Budget”). The Adopted Budget includes total general fund appropriations of approximately \$2.8 billion. For Fiscal Year 2014-15, the County projects in its Adopted Budget that approximately 43.9% of its General Fund budget revenues will consist of payments from the State and 20.3% will consist of payments from the Federal government. Discretionary revenue was budgeted to increase to approximately \$637.4 million (\$623.5 million in the Recommended Budget) for Fiscal Year 2014-15, an increase of approximately 8.0% (5.6% in the Recommended Budget) from the Fiscal Year 2013-14 adjusted budget estimates. Such revenue increase was primarily attributable to growth in the value of property taxes, sales taxes and landfill lease agreements. The Adopted Budget includes an increase in discretionary spending of approximately \$22.8 million (\$11.2 million in the Recommended Budget) from the prior fiscal year. Property tax revenue is budgeted at approximately \$296 million (\$282 in the Recommended Budget) for Fiscal Year 2014-15, and represents approximately 46% (45% in Recommended Budget) of the County’s discretionary revenue. The County estimated an increase in assessed valuation in Fiscal Year 2014-15 of approximately 7.75% (4.5% as of the Recommended Budget) from Fiscal Year 2013-14.

The County expects revenue for Fiscal Year 2014-15 to be approximately \$24.1 million higher than budgeted, primarily due to a net increase in forecasted property tax revenues of \$4.6 million and one-time receipts of \$5.5 million in residual redevelopment assets. During the Fiscal Year 2014-15 third quarter budget meeting, the County approved additional expenditures in the current fiscal year of approximately \$32.4 million mainly to cover increased labor costs related to the sheriff, district attorney and fire departments and additional inmate care costs of the mental health department. Overall, the third quarter budget report included \$32 million in reductions and \$16.5 million in increases to the general fund contingency, resulting in a general fund contingency balance of \$12.8 million.

Fiscal Year 2015-16 Proposed Budget

The County has started its budget process for Fiscal Year 2015-16 and plans to hold its budget hearings on June 15, 2015, at which time the Board of Supervisors will consider the Fiscal Year 2015-16 Recommended Budget. The County executive office expects to present a balanced Fiscal Year 2015-16 Recommended Budget to provide the base spending authority necessary starting July 1, 2015, but expects that the Recommended Budget will also include additional funding requests and policy issues for the Board's consideration during budget hearings. In September 2015, the County will adopt its Fiscal Year 2015-16 Budget when the preliminary year-end financial data for Fiscal Year 2014-15 becomes available. Property tax revenue is expected to grow between 5% to 6% in Fiscal Year 2015-16 and sales tax receipts that are not related to solar projects within the County are expected to remain stable (resulting in an overall net reduction in sales tax receipts). Labor cost increases are scheduled to go into effect in Fiscal Year 2015-16, as well as pension obligations and internal service rate increases, which is expected to place additional strain on County departments. All general fund departments have been directed to prepare budgets that are balanced and absorb any additional costs without additional general fund support. Departments may request additional support, if needed, during the budget hearings in June.

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 2014-15 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.

The County is continuously monitoring 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. Realignment funding is derived from three sources: 1) the dedication of 1.0625 cents of the existing sales tax rate; 2) the redirection of the revenue generated by Proposition 63 (the "millionaire tax" which supports mental health programs statewide); and 3) the redirection of a portion of vehicle license fee revenues.

Realignment is comprised of two distinct components: Health and Human Services and Public Safety. With respect to the former, the State has 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 that has resulted 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 2013-14, the County received a \$51.24 million appropriation 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, the slow pace of hiring has led to under-spending and the affected County departments have been able to continue providing identified services. In Fiscal Year 2014-15, the County received \$3.2 million less funding for realignment as the statewide allocation was \$60 million less than the prior year. In addition, the County has been approved to receive a grant reimbursement of \$24.6 million to replace the Probation Youth Education and

Treatment Center in the City of Riverside. The County will begin to draw down \$100 million in State bond funds to pay for a portion of the construction the new jail facility in the City of Indio.

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. 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 2010-11, 2011-12, 2012-13, 2013-14 AND 2014-15
(IN MILLIONS)**

	2010-11 <u>Budget</u>	2011-12 <u>Budget</u>	2012-13 <u>Budget</u>	2013-14 <u>Budget</u>	2014-15 <u>Budget</u>
<u>REQUIREMENTS</u>					
General Government	\$ 175.3	\$ 174.4	\$ 180.4	\$ 179.5	\$ 178.0
Public Protection	1,062.4	1,060.0	1,072.1	1,132.4	1,190.6
Health and Sanitation	396.0	411.9	430.1	485.9	481.4
Public Assistance	780.0	802.9	762.3	835.7	902.7
Education	0.6	0.6	0.6	0.6	0.6
Recreation and Cultural	0.3	0.4	0.0	0.4	0.3
Debt Retirement-Capital Leases	6.8	5.0	5.0	4.9	4.9
Contingencies	20.0	20.0	7.0	20.0	23.2
Increase to Reserves	<u>17.5</u>	<u>2.4</u>	<u>2.3</u>	<u>2.3</u>	<u>2.0</u>
Total Requirements ⁽³⁾	<u>\$2,458.9</u>	<u>\$2,477.7</u>	<u>\$2,459.8</u>	<u>\$2,661.7</u>	<u>\$2,783.7</u>
<u>AVAILABLE FUNDS</u>					
Use of Fund Balance and Reserves	\$ 107.8	\$ 90.1	\$ 74.0	\$ 78.3	\$ 48.5
Estimated Revenues:					
Property Taxes	222.4	214.9	211.5	229.9	256.6
Other Taxes	46.0	35.5	35.0	31.0	27.0
Licenses, Permits and Franchises	19.8	18.1	17.7	17.6	18.2
Fines, Forfeitures and Penalties	58.0	56.2	51.7	49.3	45.3
Use of Money and Properties	11.2	10.0	7.4	6.3	10.7
Aid from Other Governmental Agencies:					
State	921.7	936.3	1,005.5	1,097.4	1,194.0
Federal	501.2	506.7	493.9	544.9	551.8
Charges for Current Services	461.0	462.8	442.6	469.1	496.7
Other Revenues	<u>111.9</u>	<u>147.7</u>	<u>120.5</u>	<u>137.9</u>	<u>134.9</u>
Total Available Funds ⁽²⁾	<u>\$2,458.9</u>	<u>\$2,477.7</u>	<u>\$2,459.8</u>	<u>\$2,661.7</u>	<u>\$2,783.7</u>

(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.

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 March 1, 2015, the portfolio assets comprising the PIF had a market value of \$5,730,402,540.40.

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, 2014, the Auditor-Controller performed an analysis on the County Treasury which resulted in the identification and classification of "mandatory" vs. "discretionary" depositors. Collectively, these mandatory deposits constituted approximately 76.92% of the funds on deposit in the County Treasury, while approximately 23.08% 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 2014 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 March 1, 2015, was as follows:

	<u>% of Pool</u>
U.S. Treasury Securities	7.59
Federal Agency Securities	65.24
Cash Equivalents & Money Market Funds	10.39
Commercial Paper	11.19
Medium Term Notes	0.00
Municipal Notes	2.89
Certificates of Deposit	0.00
CalTrust Short Term Fund	0.94
Repurchase Agreements	1.75
Local Agency Obligations	<u>0.01</u>
Total	100.00%
Book Yield:	0.46%
Weighted Average Maturity:	1.25 Years

Source: County Treasurer-Tax Collector

As of March 1, 2015, the market value of the PIF was 100.03% 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 County has obtained a rating on the PIF of "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, the \$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 2003-04 through Fiscal Year 2014-15.

**COUNTY OF RIVERSIDE
AD VALOREM PROPERTY TAXES - LEVIES AND COLLECTIONS
FISCAL YEARS 2003-04 THROUGH 2014-15
SECURED PROPERTY TAX ROLL⁽¹⁾**

<u>Fiscal Year</u>	<u>Secured Property Tax Levy</u>	<u>Current Levy Delinquent June 30</u>	<u>Percentage of Current Taxes Delinquent June 30⁽²⁾</u>	<u>Total Collections⁽³⁾</u>	<u>Percentage of Total Collections to Current Levy</u>
2003-04	\$1,506,949,011	\$42,164,689	2.80%	\$1,571,572,091	104.29%
2004-05	1,747,034,222	55,557,116	3.18	1,797,065,686	102.86
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 ⁽⁴⁾	3,014,259,026	N/A	N/A	N/A	N/A

(1) The Levy and Collection data reflects the 1% levy allowed under Article XIII A 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.

(4) Actual unaudited figures.

Source: County Auditor-Controller

UNSECURED PROPERTY TAX ROLL⁽¹⁾

<u>Fiscal Year</u>	<u>Unsecured Property Tax Levy</u>	<u>Total Collections⁽²⁾</u>	<u>Percentage of Total Collections to Original Levy⁽²⁾</u>
2003-04	\$56,479,231	\$54,911,981	97.23%
2004-05	61,359,545	58,253,834	94.94
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 ⁽³⁾	84,869,586	88,410,497 ⁽⁴⁾	104.17

(1) The Levy and Collection data reflects the 1% levy allowed under Article XIII A 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) Actual unaudited figures.

(4) Collections through April 2015.

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 2004-05 through Fiscal Year 2014-15:

**COUNTY OF RIVERSIDE
SUMMARY OF SUPPLEMENTAL ROLL
AD VALOREM PROPERTY TAXATION
FISCAL YEARS 2004-05 THROUGH 2014-15**

<u>Fiscal Year</u>	<u>Tax Levy for Increased Assessments^{(1),(2),(3)}</u>	<u>Refunds for Decreased Assessments^{(1), (3)}</u>	<u>Net Supplemental Tax Levy</u>	<u>Collections^{(1),(2)}</u>
2004-05	\$201,364,003	\$2,048,421	\$199,315,582	\$151,778,352
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 ⁽⁶⁾	61,925,386	7,264,731	54,660,655	40,181,868 ⁽⁷⁾

- (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.
- (6) From July 2014 through May 2015.
- (7) From July 2014 through April 2015.

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 2010-11 through Fiscal Year 2014-15:

COUNTY OF RIVERSIDE
ASSESSED VALUATION HISTORY BY CATEGORY AND PROPERTY TYPE⁽¹⁾
FISCAL YEARS 2010-11 THROUGH 2014-15
(IN MILLIONS)

<u>Category</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
SECURED PROPERTY:					
Land	\$ 65,877	\$ 64,308	\$ 63,549	\$ 65,635	\$ 69,707
Structures	132,431	131,516	132,077	138,000	150,230
Personal Property	819	836	887	878	926
Utilities	<u>3,019</u>	<u>3,614</u>	<u>3,475</u>	<u>3,618</u>	<u>3,618</u>
Total Secured	\$202,146	\$200,274	\$199,988	\$208,131	\$220,863
UNSECURED PROPERTY:					
Land	\$ 14	\$ 29	\$ 17	\$ 13	\$ 16
Structures	309	274	268	227	201
Improvements	3,439	3,504	3,683	3,684	3,554
Fixtures	<u>4,049</u>	<u>3,975</u>	<u>3,895</u>	<u>3,691</u>	<u>3,961</u>
Total Unsecured ⁽²⁾	\$ 7,811	\$ 7,782	\$ 7,863	\$ 7,615	\$ 7,732
GRAND TOTAL	<u>\$209,957</u>	<u>\$208,056</u>	<u>\$207,851</u>	<u>\$215,746</u>	<u>\$228,595</u>

(1) Assessed valuation is reported as of July 1 of each year at 100% of full taxable value. Pursuant to Article XIII A 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. No additional Proposition 8 reductions are expected for Fiscal Year 2014-15 or 2015-16, and assessed valuation in the County increased from Fiscal Year 2013-14 to Fiscal Year 2014-15 by approximately 7.92%.

Property Tax Appeals. The County has received assessment appeals applicable to Fiscal Year 2014-15 totaling approximately \$13.7 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 \$2.2 billion of assessed value was reduced from the County tax roll in Fiscal Year 2012-13 and Fiscal Year 2013-14 due to appeals, representing \$22 million in general purpose taxes over the two-fiscal year period. 53% of the Fiscal Year 2013-2014 assessment appeals have been completed. The majority of the remaining Fiscal Year 2013-14 assessment appeals are expected to be completed by November 30, 2015.

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 2014-15 budget will be determined primarily by two components: (i) the remainder of the Fiscal Year 2013-14 assessment appeals still to be completed; and (ii) a portion of the Fiscal Year 2014-15 assessment appeals being completed during Fiscal Year 2015-16.

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 2014-15, approximately 55.71% 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 2014, of County of Riverside 2014 Series D Teeter Obligation Notes (Tax-Exempt) (the “D Notes”) in the amount of \$99.36 million and the County of Riverside 2014 Series E Teeter Obligation Notes (Taxable) (the “Series E Notes”) and together with the D Notes, the “Notes”) in the amount of \$0.82 million. The proceeds of the Notes refunded the outstanding County of Riverside 2013 Teeter Obligation Notes, Series D originally issued in the amount of \$118.135 million, refunded the outstanding County of Riverside 2013 Teeter Obligation Notes, Series E originally issued in the amount of \$1.635 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 Notes funded approximately \$38.3 million representing Fiscal Year 2013-14 delinquent property taxes and approximately \$62.89 million representing prior years’ delinquent property taxes. The Notes mature on October 14, 2015. The County’s General Fund is pledged to the repayment of the Notes in addition to the pledge of the delinquent taxes in the event that delinquent taxes collected are not sufficient to repay the Notes.

Largest Taxpayers

The following table shows the 25 largest taxpayers by individual tax levied in the County for Fiscal Year 2014-15:

**COUNTY OF RIVERSIDE
 TWENTY-FIVE LARGEST TAXPAYERS IN FISCAL YEAR 2014-15
 COMBINED TAX ROLLS⁽¹⁾**

<u>TAXPAYER</u>	<u>TOTAL TAXES LEVIED</u>	<u>PERCENTAGE OF TOTAL TAX CHARGE</u>
Southern California Edison Company	\$ 42,005,198.94	1.32%
Verizon California, Inc.	9,449,647.14	0.30
CPV Sentinel LLC	9,334,839.06	0.29
Southern California Gas Company	7,761,730.22	0.24
Blythe Energy, LLC	4,659,048.20	0.15
Inland Empire Energy Center, LLC	3,696,919.38	0.12
Ross Dress For Less, Inc.	3,255,355.11	0.10
Walgreen Co.	3,145,128.56	0.10
Chelsea GCA Realty Partnership	3,132,946.54	0.10
Tyler Mall Ltd. Partnership	2,967,090.80	0.09
Time Warner Cable Pacific West LLC	2,813,777.31	0.09
Standard Pacific Corp.	2,806,943.54	0.09
Lowe's HIW Inc.	2,675,052.26	0.08
Pardee Homes	2,619,185.01	0.08
Target Corp.	2,610,849.16	0.08
Wal Mart Real Estate Business Trust	2,592,428.68	0.08
KB Home Coastal Inc.	2,571,015.34	0.08
Costco Wholesale Corp.	2,511,735.66	0.08
Kaiser Foundation Health Plan, Inc.	2,437,841.08	0.08
Roripaugh Valley Restoration	2,433,212.16	0.08
Nestle Waters North America, Inc.	2,256,769.63	0.07
Palm Desert Funding Co.	2,215,838.60	0.07
Abbott Vascular Inc.	2,127,078.58	0.07
Health Care REIT	2,117,889.26	0.07
Garden of Champions	<u>2,056,460.42</u>	0.06
<u>Total</u>	\$ <u>126,253,980.64</u>	<u>3.96%</u>
Total Tax Charge for 2014-15	\$ 3,189,152,852.83	

(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 2014-15 are shown below:

**COUNTY OF RIVERSIDE
TEN LARGEST PROPERTY OWNERS IN FISCAL YEAR 2014-15
BY ASSESSED VALUE**

<u>ASSESSEE</u>	<u>ASSESSED VALUE</u>
Eisenhower Memorial Hospital	\$ 363,825,365
Kaiser Foundation Hospital	331,710,705
Ross Dress for Less Inc.	293,073,873
Walgreen Co.	271,064,103
Kaiser Foundation Health Plan Inc.	268,522,448
Time Warner Cable Pacific West LLC	240,450,219
Target Corp.	224,112,730
Chelsea GCA Realty Partnership	221,856,908
Lowes HIW Inc.	211,274,769
Costco Wholesale Corp.	<u>207,444,443</u>
Subtotal	\$ 2,633,335,563
All Others	\$226,827,490,802
Total	<u>\$229,460,826,365⁽¹⁾</u>

(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 2013-14, the County retained approximately 12.23% of the total amount collected (and is budgeted to retain 12.24% in Fiscal Year 2014-15). 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 2004-05 through 2014-15.

**COUNTY OF RIVERSIDE
COMMUNITY REDEVELOPMENT AGENCIES'
FROZEN BASE VALUE, FULL CASH VALUE INCREMENTS
AND TOTAL TAX ALLOCATIONS
FISCAL YEARS 2004-05 THROUGH 2014-15**

<u>Fiscal Year</u>	<u>Frozen Base Value</u>	<u>Full Cash Value Increments⁽¹⁾</u>	<u>Total Tax Allocations^{(2) (3)}</u>
2004-05	\$12,271,092,108	\$34,974,969,456	\$352,904,769
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	58,677,226,297	688,683,052
2014-15 ⁽⁴⁾	16,352,697,201	62,373,436,336	728,468,454

(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.

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

(3) Includes general purpose and debt; excludes negative increment.

(4) Based on County estimate of increment of assessed value for the community redevelopment agencies for Fiscal Year 2014-15.

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 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 \$1,600,442.73, 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. As of March 2015, the County received approximately \$3.5 million in such funds in the current fiscal year.

In Fiscal Year 2013-14, the County received approximately \$83.3 million in pass-through payments pursuant to agreements with various city redevelopment agencies, and is projecting that it will receive approximately \$89 million in Fiscal Year 2014-15 and \$94 million in Fiscal Year 2015-16. 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 2013-14 were audited by Brown Armstrong Certified Public Accountants. See APPENDIX B – "THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

The County adopted the provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments 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, 2014, which are included in APPENDIX B – "THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

The following table sets forth the County's Statement of Revenues, Expenditures and Change in Unreserved Funds Balances-General Fund for Fiscal Year 2009-10 through 2013-14.

COUNTY OF RIVERSIDE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED FUND BALANCES – GENERAL FUND
FISCAL YEARS 2009-10 THROUGH 2013-14
(In Thousands)

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
BEGINNING FUND BALANCE	\$372,121	\$386,486	\$343,562	\$336,598	\$357,249
REVENUES					
Taxes	229,631	221,807	216,746	246,144	256,746
Licenses, permits and franchises	16,724	18,187	17,648	16,442	16,588
Fines, forfeiture and penalties	112,813	93,528	88,979	85,241	81,037
Use of money and property–Interest	12,197	8,196	4,740	1,676	4,629
Use of money and property–					
Rents and concessions	3,936	3,669	3,798	3,670	12,269
Government Aid–State	820,432	856,327	931,652	1,000,545	1,107,878
Government Aid–Federal	504,605	490,088	475,221	478,791	462,291
Governmental Aid-Other	89,312	82,147	80,332	81,169	83,169
Charges for current services	367,249	369,780	354,451	374,750	396,904
Other revenues	<u>30,670</u>	<u>37,654</u>	<u>40,852</u>	<u>26,253</u>	<u>41,248</u>
TOTAL REVENUES	\$2,187,569	\$2,181,383	\$2,214,419	\$2,315,681	\$2,462,759
EXPENDITURES					
General government	\$130,516	\$109,146	\$127,195	\$103,895	\$ 106,045
Public protection	1,005,679	1,025,584	1,010,999	1,043,017	1,116,621
Public ways and facilities	-	-	-	-	-
Health and sanitation	333,068	345,649	369,165	388,325	416,005
Public assistance	712,353	731,017	719,670	735,057	795,309
Education	551	548	579	564	586
Recreation and cultural	312	364	324	346	287
Capital Outlay	31,018	8,321	2,671	1,721	2,965
Debt service	<u>21,876</u>	<u>24,829</u>	<u>21,426</u>	<u>19,576</u>	<u>15,475</u>
TOTAL EXPENDITURES	\$2,234,373	\$2,245,458	\$2,252,029	\$2,292,501	\$2,453,293
Excess (deficit) of revenues over (under) expenditures	(47,804)	(64,075)	(37,610)	23,180	9,466
OTHER FINANCING SOURCES (USES)					
Transfer from other reserves	\$168,833	\$106,047	\$123,587	\$92,297	\$ 95,017
Transfer to other funds	(132,682)	(93,217)	(98,045)	(96,547)	(101,021)
Capital Leases	<u>31,018</u>	<u>8,321</u>	<u>2,671</u>	<u>1,721</u>	<u>2,965</u>
Total other Financing Sources (Uses)	\$62,169	\$21,151	\$28,213	\$(2,529)	\$ (3,039)
NET CHANGE IN FUND BALANCES	\$14,365	\$(42,924)	\$(9,397)	\$20,651	\$ 6,427
FUND BALANCE, END OF YEAR ⁽¹⁾	\$386,486	\$343,562	\$336,598	\$357,249	\$363,676

(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.

The following table sets forth the County's General Fund balance sheets for Fiscal Years 2009-10 through 2013-14.

**COUNTY OF RIVERSIDE
GENERAL FUND BALANCE SHEETS
AT JUNE 30, 2010 THROUGH JUNE 30, 2014**

(In Thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
ASSETS:					
Cash & Marketable Securities	\$122,902	\$160,887	\$151,845	\$128,655	\$129,305
Taxes Receivable	27,714	17,790	14,046	10,931	9,849
Accounts Receivable	8,468	12,771	9,196	9,167	11,281
Interest Receivable	2,091	1,119	643	687	650
Advances to Other Funds	0	3,692	3,342	3,342	5,842
Due from Other Funds	25,353	18,787	14,227	9,071	11,157
Due from Other Governments	263,240	276,656	328,817	308,532	333,728
Inventories	1,941	1,564	1,187	2,059	1,682
Prepaid items	888	277	298	818	--
Restricted Assets	<u>296,543</u>	<u>283,095</u>	<u>299,673</u>	<u>307,452</u>	<u>350,158</u>
Total Assets	<u>\$749,140</u>	<u>\$777,638</u>	<u>\$823,274</u>	<u>\$780,714</u>	<u>\$853,652</u>
LIABILITIES:					
Accounts Payable	\$ 57,236	\$ 84,116	\$75,996	\$24,234	\$61,288
Salaries & Benefits Payable	46,376	50,374	57,391	57,519	68,156
Due To Other Funds	2,155	2,639	1,466	9,190	248
Due to Other Governments	35,161	34,550	40,804	23,377	20,395
Deferred Revenue	218,676	260,343	311,003	66,855	65,929
Deposits Payable	3,050	2,054	16	19	61
Advances from other funds	--	--	--	--	5,000
Advances from grantors and third parties	-	-	-	<u>242,271</u>	<u>268,899</u>
Total Liabilities	<u>\$362,654</u>	<u>\$434,076</u>	<u>\$486,676</u>	<u>\$423,465</u>	<u>\$424,047</u>
FUND BALANCE:⁽¹⁾					
Nonspendable	\$ --	\$ 2,214	\$ 1,834	\$ 3,247	\$ 2,045
Restricted	--	98,552	101,651	101,440	117,595
Committed	--	50,097	52,439	42,183	32,820
Assigned	--	3,463	8,674	10,460	7,772
Unassigned	--	189,236	171,910 ⁽²⁾	199,919 ⁽²⁾	203,444
Reserved	90,374	--	--	--	--
Unreserved	<u>296,112</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balance	<u>\$386,486</u>	<u>\$343,562</u>	<u>\$336,598</u>	<u>\$357,249</u>	<u>\$363,676</u>
Total Liabilities and Fund Balance	<u>\$749,140</u>	<u>\$777,638</u>	<u>\$823,274</u>	<u>\$780,714</u>	<u>\$853,652</u>

(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, 2007 THROUGH JUNE 30, 2014**

(In Thousands)

	<u>Reserved</u>	<u>Unreserved</u>				<u>Total</u>
2007	\$88,233	\$482,731				\$570,964
2008	84,466	394,302				478,768
2009	91,196	280,925				372,121
2010	90,374	296,112				386,486
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
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

(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

In July 1, 2014, the County issued its 2014-15 Tax and Revenue Anticipation Note (the "2014-15 TRAN") in the principal amount of \$250,000,000 to provide funds to meet the County's Fiscal Year 2014-15 general fund expenditures, including current expenses, capital expenditures and prepayment of pension plan contributions. The 2014-15 TRAN is due on June 30, 2015. The 2014-15 TRAN is payable from taxes, income, revenues, cash receipts and other moneys of the County attributable to the County's 2014-15 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 May 1, 2015, the County had \$650,796,819 in direct general fund obligations and \$320,470,000 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 May 1, 2015.

**COUNTY OF RIVERSIDE
ESTIMATED DIRECT AND OVERLAPPING OBLIGATIONS
(AS OF MAY 1, 2015)**

	% Applicable	Debt 5/1/15
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	6.318%	\$ 6,976,336
Community College Districts	1.189-99.999	501,220,144
Unified School Districts	1.281-100.	2,227,981,311
Perris Union High School District	100.	77,983,834
Elementary School Districts	100.	75,838,331
City of Riverside	100.	13,395,000
Eastern Municipal Water District Improvement Districts	100.	35,495,000
Riverside County Flood Control, Zone 3-B Benefit Assessment District	100.	1,325,000
San Geronio Memorial Hospital District	100.	114,010,000
Community Facilities Districts	50.225-100.	2,760,360,024
Riverside County 1915 Act Bonds	100.	1,850,000
City and Special District 1915 Act Bonds (Estimated)	100.	<u>205,888,497</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$6,022,323,477
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	100. %	\$ 650,796,819¹
Riverside County Pension Obligations	100.	320,470,000
Riverside County Board of Education Obligations	100.	1,835,000
School Districts General Fund and Lease Tax Obligations	1.281-100.	459,742,835
City of Corona General Fund Obligations	100.	50,100,308
City of Moreno Valley General Fund Obligations	100.	63,288,500
City of Indio General Fund Obligations	100.	39,190,000
City of Palm Springs Certificates of Participation and Pension Obligations	100.	145,179,020
City of Riverside Certificates of Participation	100.	235,324,906
City of Riverside Pension Obligations	100.	115,775,000
Other City General Fund Obligations	100.	77,193,444
Other Special District Certificates of Participation	100.	<u>2,127,264</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$2,161,023,096
Less: Riverside District Court Financing Corporation (100% supported from U.S. General Services Administration)		<u>8,438,257</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$2,152,584,839
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		\$2,605,319,963
GROSS COMBINED TOTAL DEBT		\$10,788,666,536 ²
NET COMBINED TOTAL DEBT		\$10,780,228,279

¹Excludes issue to be sold.

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

Ratios to 2014-15 Assessed Valuation:

Overlapping Tax and Assessment Debt.....	2.61%
Combined Gross Direct Debt (\$971,266,819)	0.42%
Combined Net Direct Debt (\$962,828,562)	0.42%
Gross Combined Total Debt.....	4.68%
Net Combined Total Debt	4.68%

Ratios to Successor Agency Redevelopment Incremental Valuation (\$62,266,158,988):

Total Overlapping Tax Increment Debt.....	4.18%
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Source: California Municipal Statistics, Inc. The County has not verified the accuracy of the information provided.

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 April 1, 2015, the County's current outstanding lease obligations total \$641,094,819. The County's annual lease obligation is approximately \$88,789,947 and the maximum annual lease payment is \$97,849,969.

The table on the following page sets forth the County's outstanding lease obligations and the respective annual lease requirements as of April 1, 2015.

**COUNTY OF RIVERSIDE
SUMMARY OF LEASE RENTAL OBLIGATIONS
(PAYABLE FROM THE COUNTY'S GENERAL FUND)
(AS OF APRIL 1, 2015)**

	<i>Final Maturity Year</i>	<i>Original Lease Amount</i>	<i>Obligations Outstanding</i>	<i>Annual Base Rental⁽¹⁾</i>
Riverside County Public Facilities Project 1985 Certificates of Participation – Type I	2015	\$148,500,000	0 ⁽²⁾	14,245,620
Riverside County Hospital Project, Leasehold Revenue Bonds:				
1997 Series A	2026	41,170,073	35,301,562	
1997 Series C	2019	3,265,000	3,265,000	
2012 Series A and B ⁽³⁾	2019	90,530,000	90,030,000	19,516,997 ⁽³⁾
County of Riverside 1990 Taxable Variable Rate Certificates of Participation (Monterey Avenue)	2020	8,800,000	3,900,000	873,500 ⁽⁴⁾
Riverside County Palm Desert Financing Authority Lease Revenue Bonds				
2008 Series A	2022	72,445,000	51,585,000	8,264,600
County of Riverside Certificates of Participation (2005 Series B Historic Courthouse Project) ⁽⁵⁾	2027	22,610,000	17,270,000	1,607,916
County of Riverside Certificates of Participation (2009 Larson Justice Center Refunding) ⁽⁶⁾	2021	36,100,000	17,050,000	2,560,550
Riverside District Court Financing Corporation (United States District Court Project):				
Series 1999	2020	24,835,000	8,043,257	
Series 2002	2020	925,000	395,000	1,820,656 ⁽⁷⁾
County of Riverside Leasehold Revenue Bonds (Southwest Justice Center Project)				
2008 Series A ⁽⁸⁾	2032	78,895,000	76,415,000	6,483,115
County of Riverside Certificates of Participation (2005 Series A Capital Improv and Family Law Court Refunding Project) ⁽⁹⁾	2036	51,655,000	42,035,000	3,399,338
County of Riverside Certificates of Participation (2006 Series A Capital Improvement Projects)	2037	34,675,000	30,040,000	2,158,969
County of Riverside Certificates of Participation (2007A Public Safety Commission Project)	2022	111,125,000	31,025,000	11,136,750
County of Riverside Southwest Communities Financing Authority Lease Revenue Bonds, Series 2008 A	2038	15,105,000	14,065,000	1,152,211
County of Riverside Certificates of Participation (2009 Public Safety Communication and Woodcrest Library Refunding Projects) ⁽¹⁰⁾	2040	45,685,000	45,245,000	1,911,800
County of Riverside Monroe Park Building 2011 Lease Financing	2020	5,535,000	3,625,000	673,016
County of Riverside Certificates of Participation (2012 County Administrative Center Refunding Project) ⁽¹¹⁾	2031	33,360,000	29,525,000	2,514,313
County of Riverside Public Financing Authority (2012 Lease Revenue Refunding Bonds) ⁽¹²⁾	2033	17,640,000	16,280,000	1,391,025
County of Riverside Leasehold Revenue Bonds (2013 Series A Public Defender/Probation Bldg and Riverside County Technology Solution Center Projects)	2043	66,015,000	64,985,000	4,283,738
Riverside Community Properties Development, Inc. Lease Revenue Bonds (2013 Riverside County Law Building Project)	2044	44,380,000	44,380,000	2,438,950
County of Riverside Lease Revenue Bonds (Court Facilities Project), Series 2014A & Series 2014B (Taxable) ⁽¹³⁾	2033	18,495,000	16,635,000	2,356,883
TOTAL		<u>\$971,745,073</u>	<u>\$641,094,819</u>	<u>\$88,789,947</u>

(1) Annual base rental for Fiscal Year 2014-2015 unless otherwise noted.

(2) The 1985 Certificates of Participation were paid off in October 2014.

(3) 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.

(4) Annual base rental estimated at assumed interest rate of 9%. The average interest rate for the twelve-month period ending April 14, 2015 was approximately 0.12%.

(5) The 2005 Series B Historic Courthouse Refunding Project refunded the 1997 Historic Courthouse Project.

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

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

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

(9) A portion of the proceeds of the 2005 Series A Certificates was used to prepay all of the County of Riverside Certificates of Participation (Family Law Court Project).

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

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

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

(13) 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).

Source: County Executive Office.

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 “Aa3” by Moody’s, “AA-“ by Standard & Poor’s and “AA-“ by Fitch as of April 2015. 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 April 30, 2015, the swap agreement had a negative fair market value of approximately \$27.6 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 2015, Assured Guaranty Corp. had a rating of “AA” by S&P and “A3” from Moody’s. An explanation of the significance of the above ratings may be obtained from the applicable rating agency.

Employees

The following tables sets forth the number of County employees for Fiscal Years 2005-2015.

COUNTY OF RIVERSIDE REGULAR EMPLOYEES 2005 THROUGH 2015

<u>Year</u>	<u>Regular Employees⁽¹⁾</u>
2005	14,852
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 ⁽²⁾	18,671

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

(2) As of March 4, 2015.

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 for personnel 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. The elimination of the County’s retirement obligation to pay employee’s required member contributions is anticipated to produce significant annual savings. Member retirement contributions and County offsets of employee contributions, are not included in the required employer contribution rates prepared by PERS.

**COUNTY OF RIVERSIDE
LABOR ORGANIZATIONS⁽¹⁾**

<u>Bargaining units or employee group</u>	<u>Number of Employees</u>	<u>Expiration Date of Contract</u>
Management, Confidential, and Other Unrepresented	1,307	N/A
Law Enforcement Management Unit (LEMU)	469	June 30, 2017
Riverside County Deputy District Attorneys' Association (RCDDAA)	380	June 30, 2015 ⁽²⁾
Riverside Sheriffs' Association (RSA)	3,236	June 30, 2016
Service Employees International Union (SEIU)	6,437	November 30, 2016
Laborers' International Union of North America (LIUNA)	<u>7,477</u>	June 30, 2016
Total	19,306	

(1) Includes all County districts.

(2) New contract with RCDDAA currently being negotiated. Employees will continue to work under the terms of the current contract until a new contract is executed.

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 tiers of benefits.

**COUNTY OF RIVERSIDE
EMPLOYEES PER RETIREMENT TIER⁽¹⁾
(As of March 4, 2015)**

<u>Tier Level</u>	<u>Number of Employees in Tier Level</u>
Tier 1	14,880
Tier 2	600
Tier 3	<u>3,191</u>
Total	18,671

(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, 2014, which are included in APPENDIX B – "THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

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 benefits 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 the Fiscal Year 2015-16 rates. Among other things, PEPRA creates 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 believes the provisions of PEPRA will assist in controlling its future pension benefit liabilities.

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 (thus, the actuarial valuation delivered to the County in October 2014 covered PERS’ Fiscal Year 2011-12). 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, 2013, which was prepared in October 2014, is effective for the County’s Fiscal Year 2015-16). 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 response to the significant asset value declines of Fiscal Year 2008-09, the PERS Board approved an enhancement to its smoothing methodology in June 2009. The enhanced smoothing methodology incorporates a 3-year phase-in of the Fiscal Year 2008-09 investment loss by temporarily relaxing the constraints on the smoothed value of assets around the market value. The corridor will be allowed to expand between 60-140% for Fiscal Year 2011-12 contribution rate determination, 70-130% for Fiscal Year 2012-13 contribution rate determination, then returning to 80-120% for Fiscal Year 2013-14 and beyond contribution rate determination. Asset losses outside the 80-120% corridor are isolated and paid for with a fixed 30-year amortization schedule.

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 and will set employer contribution rates for Fiscal Year 2015-16. The Fiscal Year 2015-16 rate for Miscellaneous is 15.429% and Safety is 23.585%. For complete updated inflation and actuarial assumptions, please contact PERS at California Public Employees Retirement System, Lincoln Plaza, 400 P Street, Sacramento, CA 95814, 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 we are experiencing within our 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. 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, 2013, the most recent PERS actuarial valuation report, the PERS actuary recommended an employer contribution rate of 15.429% be implemented as the required rate for Fiscal Year 2015-16, which the County anticipates will result in a contribution to PERS of approximately \$139.2 million for that fiscal year. In addition, the County will pay PERS for the Miscellaneous Plan approximately \$4.3 million in County Offsets of Employee Contributions for Fiscal Year 2014-15, which will result in a total contribution by the County to PERS for the Miscellaneous Plan for Fiscal Year 2014-15 of approximately \$143.4 million. In the actuarial valuation for the Safety Plan as of June 30, 2013, the most recent PERS actuarial valuation report, the PERS actuary recommended an employer contribution rate of 23.585% be implemented as the required rate for Fiscal Year 2015-16, which the County anticipates will result in a contribution to PERS of approximately \$67.4 million for that fiscal year. As of Fiscal Year 2014-15, 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, 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%.

On February 17, 2005, the County issued its Taxable Pension Obligation Bonds, Series 2005A (the “2005 Pension Obligation Bonds”), the proceeds of which were used to fund approximately 90% of the County’s estimated actuarial accrued liability as of February 17, 2005. 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 \$31.3 million as of February 15, 2014. 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 2014, PARC recommended a transfer of the liability management fund balance of \$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, 2013 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	Unfunded Accrued Actuarial Liability	Funded Status (Actuarial Value)	Affects County Contribution for Fiscal Year	County Contribution Amount ⁽¹⁾	County Offsets of Employee Contributions
June 30 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 ⁽²⁾
2011	286,064,497	85.9	2013-14	71,724,520	2,843,364 ⁽²⁾
2012	225,792,281	89.2	2014-15	74,545,937 ⁽³⁾	275,741 ⁽²⁾⁽³⁾⁽⁵⁾
2013 ⁽⁴⁾	509,464,128	77.7	2015-16	76,782,315 ⁽³⁾	284,013 ⁽²⁾⁽³⁾⁽⁵⁾

- (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.
- (3) Estimated amount; reflects Safety Plan membership, cost of living adjustment and contribution rates as of Fiscal Years 2014-15 and 2015-16.
- (4) Beginning with the June 30, 2013, valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.
- (5) The County continues to offset 1.25% for Safety member contributions (the employee contribution rate is 10.25%).

Source: PERS Actuarial Reports for June 30, 2009 through June 30, 2013 (UAAL and Funded Status) and the County (County Contribution Amount and County Offsets of Employee Contributions)

**HISTORICAL FUNDING STATUS
(Miscellaneous Plan)**

Valuation Date	Unfunded Accrued Actuarial Liability	Funded Status (Actuarial Value)	Affects County Contribution for Fiscal Year	County Contribution Amount ⁽¹⁾	County Offsets of Employee Contributions
June 30 2009	\$389,195,847	89.7%	2011-12	\$103,892,326	\$36,974,032 ⁽²⁾
2010	444,330,905	89.2	2012-13	106,685,618	17,525,337 ⁽²⁾
2011	538,055,042	87.9	2013-14	125,248,122	7,319,320 ⁽²⁾
2012	536,480,531	88.6	2014-15	133,908,947 ⁽³⁾	4,299,323 ⁽²⁾⁽³⁾
2013 ⁽⁴⁾	1,034,364,773	79.3	2015-16	137,926,215 ⁽³⁾	4,428,303 ⁽²⁾⁽³⁾

- (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.
- (3) Estimated amount; reflects Miscellaneous Plan membership, cost of living adjustment and contribution rates as of Fiscal Years 2014-15 and 2015-16.
- (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, 2013 (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 <u>June 30</u>	Accrued Liability <u>(a)</u>	Actuarial Value of Assets <u>(b)</u>	Unfunded Liability <u>(a-b)</u>	Funded Status (Actuarial Value) <u>(b/a)</u>	Annual Covered Payroll <u>(c)</u>	UAAL as a Percentage of Payroll <u>((a-b)/c)</u>	Market Value of Assets <u>(MVA)</u>	Funded Ratio <u>MVA</u>
2009	\$1,642,544,731	\$1,511,047,925	\$131,506,806	92.0%	\$265,237,512	49.6%	\$1,100,356,865	67.0%
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

⁽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, 2009 through June 30, 2013

**SCHEDULE OF FUNDING PROGRESS
(Miscellaneous Plan)**

Valuation Date <u>June 30</u>	Accrued Liability <u>(a)</u>	Actuarial Value of Assets <u>(b)</u>	Unfunded Liability <u>(a-b)</u>	Funded Status (Actuarial Value) <u>(b/a)</u>	Annual Covered Payroll <u>(c)</u>	UAAL as a Percentage of Payroll <u>((a-b)/c)</u>	Market Value of Assets <u>(MVA)</u>	Funded Ratio <u>MVA</u>
2009	\$3,790,232,824	\$3,401,036,977	\$389,195,847	89.7%	\$841,103,683	46.3%	\$2,482,332,809	65.6%
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

⁽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, 2009 through June 30, 2013

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 2015-16 to satisfy its retirement funding obligations.

SCHEDULE OF EMPLOYER CONTRIBUTION RATES

<u>Valuation Date</u> <u>June 30,</u>	<u>Affects Contribution Rate for</u> <u>Fiscal Year:</u>	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>
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

Source: PERS Actuarial Reports for June 30, 2009 through June 30, 2013

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% for the Miscellaneous Plan and approximately 34.0% 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. Based on the actuarial valuation of June 30, 2013, the County’s current required contribution level is 0.78%. The County elected to contribute 1.60% to maintain a funded ratio of over 90% in Fiscal Year 2013-14. The County’s contribution to the Plan was \$334,728 for Fiscal Year 2012-13 and is estimated to be approximately \$252,273 for Fiscal Year 2013-14. The Plan’s unfunded liabilities as of June 30, 2014 were approximately \$1,857,698. 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) Mortality assumptions were revised to reflect newly released Society of Actuaries base mortality, RP-2014, and future improvements

scale, MP- 2014; and 3) Assets were higher than expected due to contributions made in excess of the ARC and favorable investment return on plan assets (16.5% actual compared to 6.5% 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, 2014 (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 7.36%, the present value of benefits was estimated to be \$47.0 million, the accrued actuarial liability was estimated to be \$40.1 million and the annual normal cost was \$0.96 million. If the accrued actuarial liability of \$40.1 million were amortized over a 30-year period, the total annual required contribution (normal cost plus amortization amount) would have been \$1.3 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 the actions of the Board have reduced the County's OPEB liability 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 Riverside University Medical Center (RUMC)

Riverside University Medical Center ("RUMC"), formerly known as Riverside County Regional Medical Center, 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. RUMC has 12 operating rooms, 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. RUMC provides services to patients covered by various reimbursement programs, principally Medicare, MediCal and private insurance, and provides 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 RUMC'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 RUMC. 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 RUMC from the County's Waste Management Enterprise Fund to pay for the Huron engagement. RUMC is required to repay this loan, with interest calculated at the County's pool investment fund rate, beginning in 2016 through 2022. If RUMC 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 unaudited financial statements through March 2015, RUMC projects a net income surplus of \$23 million for the current Fiscal Year 2014-15. This is a significant improvement over Fiscal Year 2013-14, when RUMC experienced a change in net position of negative \$62 million, and over Fiscal Year 2012-13, when RUMC experienced a change in net position of negative \$18.3 million. However, labor increases will significantly affect RUMC's budget in Fiscal Year 2015-16, with salary and benefits expected to increase by \$31 million. In addition, one-time revenue collected as a result of Huron's initiatives and hospital leadership, will not be available in future years. RUMC's leadership is developing a business plan that will position RUMC to be the health care leader in the region and address the challenge of the Affordable Healthcare Act (ACA).

California's current Section 1115 Medicaid Demonstration Waiver, which funds hospitals and indigent care, is due to expire on September 30, 2015. The State Department of Health Care Services is working with counties and the legislature to develop a new waiver that accomplishes the goal of continuing support, maximizing federal funds and improving the system of care. Until negotiations are finalized with the Centers for Medicaid and Medicare (CMS), impacts on RUMC's budget are unknown.

RUMC relies on a significant amount of governmental Medicaid waiver revenue including, Disproportionate Share Hospitals (DSH) funding, Delivery System Reform Incentive Payments (DISRIP) and Realignment. While changes are expected from the new MediCal Waiver, it is unknown at this time how the funding changes will affect RUMC's revenues.

For Fiscal Year 2014-15, consistent with its past practice, the County contributed approximately \$10 million to RUMC 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 RUMC facility. The County expects to make similar contributions in Fiscal Year 2015-16.

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 and insured for the balance to \$20 million for each claim on an occurrence basis, through CSAC Excess Insurance Authority. 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 subject to a 2% of total value per unit per occurrence, with a \$100,000 minimum per occurrence and \$500,000 maximum per occurrence deductible within a 100-year flood zone and a \$25,000 deductible outside of a 100-year flood zone. Property in the County is categorized into four "towers" and each tower provides \$300 million in limits. 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 \$80 million with an additional \$247.5 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, 2014 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, 2014 was approximately \$163.8 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 2013-2014, the total possessory interest tax for Agua Caliente's non-tribal member leases is estimated to be approximately \$28,000,000, of which \$3,300,000 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 \$12 million, plus accrued interest. The County denies the allegations of the complaint and is actively defending the action.

Recently, approximately 200 taxpayers filed two different lawsuits in Superior Court seeking refunds for such possessory interest taxes paid. The total amount of the claims is approximately \$6,600,000, of which the County's share is approximately \$890,000 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.

A putative class action complaint was recently 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 prepared to defend any subsequent litigation. If the complaint is not resolved during mediation, a class-certification motion is set for a hearing on March 28, 2016, 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

THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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County of Riverside, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014



Paul Angulo, CPA, M.A.
County Auditor-Controller

COUNTY OF RIVERSIDE, CALIFORNIA
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2014



PREPARED BY THE OFFICE OF:

PAUL ANGULO, CPA, M.A.
COUNTY AUDITOR-CONTROLLER

**COUNTY OF RIVERSIDE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 June 30, 2014**

TABLE OF CONTENTS

INTRODUCTORY SECTION:	Page
Letter of Transmittal.....	v
Principal County Officials.....	xi
Organization Chart	xii
GFOA Certificate of Achievement for Excellence in Financial Reporting for 2013	xiii
 FINANCIAL SECTION:	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis (Required Supplementary Information).....	3
Basic Financial Statements:	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position.....	23
Statement of Activities.....	24
<u>Fund Financial Statements:</u>	
<u>Governmental Funds:</u>	
Balance Sheet.....	28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	31
Statement of Revenues, Expenditures, and Changes in Fund Balances	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
<u>Budgetary Comparison Statements:</u>	
General Fund.....	36
Transportation Special Revenue Fund	38
Flood Control Special Revenue Fund	39
<u>Proprietary Funds:</u>	
Statement of Net Position.....	40
Statement of Revenues, Expenses, and Changes in Net Position	41
Statement of Cash Flows.....	42
<u>Fiduciary Funds:</u>	
Statement of Fiduciary Net Position	44
Statement of Changes in Fiduciary Net Position	45

COUNTY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2014

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED):	Page
Notes to the Basic Financial Statements:	
(1) Summary of Significant Accounting Policies	47
(2) Stewardship, Compliance and Accountability.....	59
(3) Restatements of Beginning Fund Balances/Net Position	60
(4) Cash and Investments	61
(5) Restricted Cash and Investments.....	64
(6) Receivables.....	65
(7) Interfund Transactions.....	66
(8) Capital Assets	70
(9) Service Concession Arrangements	73
(10) Landfill Closure and Post-Closure Care Costs	75
(11) Operating Leases	76
(12) Advances from Grantors and Third Parties	76
(13) Short-Term Debt.....	77
(14) Long-Term Obligations.....	78
(15) Deferred Inflows of Resources.....	89
(16) Fund Balances	90
(17) Risk Management.....	94
(18) Medi-Cal and Medicare Programs.....	95
(19) Jointly Governed Organizations	95
(20) Retirement Plan	97
(21) Defined Benefit Pension Plan.....	101
(22) Post Employment Benefits Other Than Pensions.....	103
(23) Commitments and Contingencies	106
(24) Subsequent Events.....	108
Required Supplementary Information (other than MD&A):	
Schedules of Funding Progress and Employer Contributions.....	111
Combining and Individual Fund Statements and Budgetary Schedules:	
Budgetary Comparison Schedule – Teeter Debt Service Fund	115
Budgetary Comparison Schedule – Public Facilities Improvements Capital Projects Fund	116
<u>Nonmajor Governmental Funds:</u>	
Combining Balance Sheet	117
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	118

COUNTY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2014

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED):	Page
<i>Special Revenue Funds:</i>	119
Combining Balance Sheet.....	120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	122
Budgetary Comparison Schedule – Community Services	124
Budgetary Comparison Schedule – County Service Areas.....	125
Budgetary Comparison Schedule – Regional Park and Open-Space.....	126
Budgetary Comparison Schedule – Air Quality Improvement.....	127
Budgetary Comparison Schedule – In-Home Support Services	128
Budgetary Comparison Schedule – Perris Valley Cemetery District	129
Budgetary Comparison Schedule – Other Special Revenue Fund	130
<i>Debt Service Funds:</i>	131
Combining Balance Sheet.....	132
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	134
Budgetary Comparison Schedule – Pension Obligation Bond	136
<i>Capital Projects Funds:</i>	137
Combining Balance Sheet.....	138
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	140
Budgetary Comparison Schedule – PSEC	142
Budgetary Comparison Schedule – Flood Control	143
Budgetary Comparison Schedule – Regional Park and Open-Space District.....	144
Budgetary Comparison Schedule – CREST	145
<i>Permanent Fund:</i>	147
Balance Sheet	148
Statement of Revenues, Expenditures, and Changes in Fund Balance	149
<u>Nonmajor Enterprise Funds:</u>	151
Combining Statement of Net Position	152
Combining Statement of Revenues, Expenses, and Changes in Net Position	153
Combining Statement of Cash Flows.....	154

**COUNTY OF RIVERSIDE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 June 30, 2014**

TABLE OF CONTENTS

	Page
FINANCIAL SECTION (CONTINUED):	
<u>Internal Service Funds:</u>	155
Combining Statement of Net Position	156
Combining Statement of Revenues, Expenses, and Changes in Net Position	158
Combining Statement of Cash Flows.....	160
<u>Fiduciary Funds:</u>	163
<u>Agency Funds:</u>	
Combining Statement of Fiduciary Assets and Liabilities.....	164
Combining Statement of Changes in Fiduciary Assets and Liabilities	165
STATISTICAL SECTION (Unaudited):	
Statistical Section Table Index	167
Table 1 Net Position by Component.....	168
Table 2 Changes in Net Position	170
Table 3 Governmental Activities Tax Revenues by Source	174
Table 4 Fund Balances of Governmental Funds.....	176
Table 5 Changes in Fund Balances of Governmental Funds.....	178
Table 6 General Government Tax Revenues by Source.....	180
Table 7 Assessed Value and Estimated Actual Value of Taxable Property	182
Table 8 Property Tax Rates – Direct and Overlapping Governments	184
Table 9 Principal Property Tax Payers	185
Table 10 Property Tax Levies and Collections.....	186
Table 11 Ratios of Outstanding Debt by Type	188
Table 12 Ratios of General Bonded Debt Outstanding	190
Table 13 Direct and Overlapping Governmental Activities Debt	192
Table 14 Legal Debt Margin Information	194
Table 15 Pledged Revenue Coverage	196
Table 16 Demographic and Economic Statistics	198
Table 17 Principal Employers	199
Table 18 Full-time Equivalent County Government Employees by Function/Program.....	200
Table 19 Operating Indicators by Function	202
Table 20 Capital Asset Statistics by Function	208

INTRODUCTORY SECTION



COUNTY OF RIVERSIDE
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Fax (951) 955-3802

AC AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE
Paul Angulo, CPA, M.A.
Auditor-Controller

December 5, 2014

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 for the fiscal year ended June 30, 2014 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 and the completeness and fairness of the presentation, including all disclosures, rests with the management of the County of Riverside (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

Riverside County is the fourth largest county by area in the state of California. 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 314,034, Moreno Valley 199,258, Corona 159,132, Temecula 106,289, and Murrieta 106,425. 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. Total County population was 2,279,967 on January 1, 2014, an increase of 1.1 percent as compared to the revised estimate for January 1, 2013. Approximately 16 percent of the residents live in unincorporated areas.

The County is governed by a five-member Board of Supervisors, who serve four-year terms, and annually elect a Chairman and Vice-Chairman. The Supervisors represent five districts.

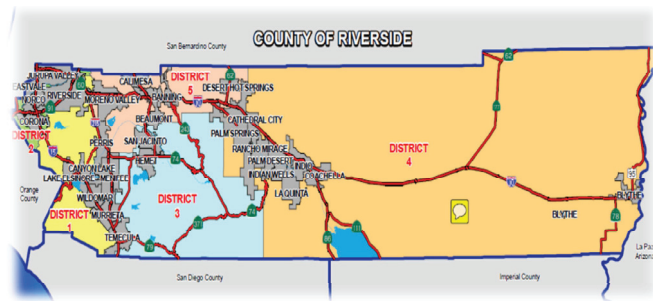
The First District includes areas within the cities of Riverside, Canyon Lake, Lake Elsinore, Wildomar and the unincorporated communities of Lakeland Village, Lake Mathews, Mead Valley, Santa Rosa Rancho, as well as portions of Gavilan Hills and Woodcrest.

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 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, Veteran Services, Utility Assistance, Assistance for the Elderly
Children's Services	Libraries and Museums
Child Support Services, Mentor programs, and Children Medical Services	Edward Dean Museum, and Riverside County Law Library
Criminal Justice	Parks and Recreation
District Attorney, Probation, Public Defender, and Sheriff	Regional Parks
Education	Pets and Animal Services
Office of Education	Animal Control, and Animal Shelters
Emergency Services	Property Information
Office of Emergency Services, Early Warning Notification System, Shelter Grant program, and Homeless program	Building permit report, obtain property information via GIS, pay property taxes online, track your property tax online, record map inquiry, information on new home owners 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, medical marijuana identification cards	Property tax portal, tax bills, Assessor-County Clerk Recorder, Treasurer-Tax Collector, and Auditor-Controller
Housing	
First time home buyer programs, low income housing, rental assistance program, homeless shelter, and neighborhood stabilization program	

FACTORS AFFECTING ECONOMIC CONDITION

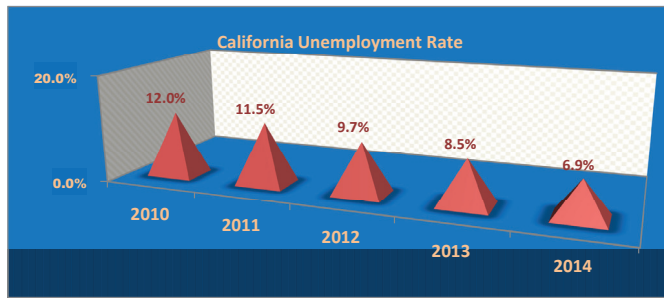
State Economy

While the state’s fiscal picture continues to improve, the Governor has not changed his attitude toward spending. He has rebuffed efforts to expand health and human services, except where he must by law, and has been unwilling to revisit any redevelopment funding issues. The Governor did approve tax credit proposals addressing both film production and investments by the defense and aerospace industries.

Statewide, the pace of home sales continued cooling, declining by 9.3 percent since August 2013. However, existing home prices increased by 8.9 percent on a year-over-year basis.

The number of people in California holding non-farm payroll jobs in August increased by 313,900 over the year before, or 2.1 percent. Total seasonally adjusted civilian employment in California has risen to 17,224,000. Nine sectors posted gains in jobs over the year, with construction posting the highest percentage growth at 5.6 percent.

The state’s unadjusted unemployment rate was 6.9 percent in September. By contrast, the U.S. unemployment rate in September was 5.7 percent.

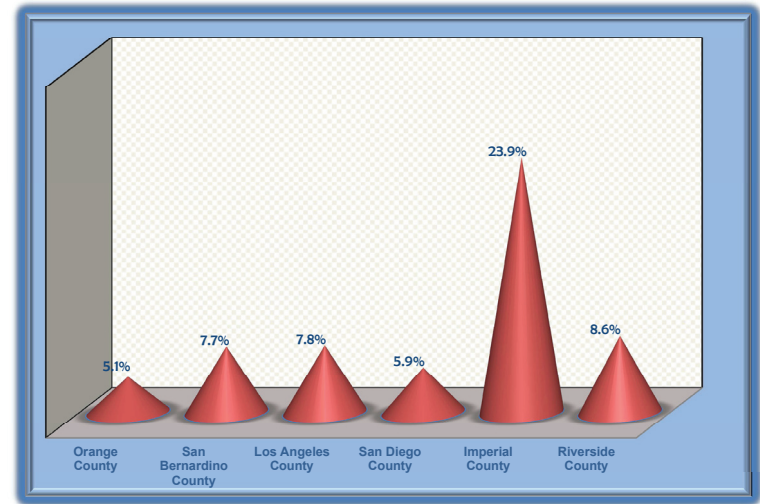


Local Economy

During the fiscal year 2014, Riverside County median home values increased by 13.2 percent. Since July 1, median home values in the County have remained close to \$300,000. The annual California Consumer Price Index, used to compute the Prop. 13 inflationary factor, is expected to be 2 percent. The maximum increase allowed. Accordingly, the Assessor reports the traditional 2 percent Prop. 13 property increase will likely be applied to next year’s assessment roll valuation. Property taxes for many homeowners, however, will likely increase more than 2 percent because of Prop. 8. Updates will be forthcoming once the annual California Consumer Price Index is finalized.

In September, Riverside County’s unemployment rate declined slightly to 8.6 percent, continuing to remain higher than neighboring San Bernardino County’s unemployment rate of 7.7 percent. By contrast, Riverside County’s historic, non-recessionary period annual average unemployment rate was 6.6 percent between 1995 and 2008.

Unemployment Comparison of Neighboring Counties



Source: Employment Development Department, September 2014.

Relevant Financial Information

Debt Advisory Committee provides advice to the Board of Supervisors (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 shall cause an annual audit to be performed, and review the annual audit report prior to submittal to the Board of Supervisors; and to review 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 of Riverside for its *CAFR* for the fiscal year ended June 30, 2013. This was the twenty-sixth 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.

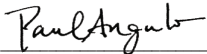
The County has also been awarded for *Outstanding Achievement* in the preparation of the Popular Annual Financial Report (PAFR), which is also referred to as Financial Highlights for the fiscal year ended June 30, 2013. This was the eighth consecutive year the County has achieved this award. In order 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 visionary 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 submitted,


 PAUL ANGULO, CPA, M.A.
 RIVERSIDE COUNTY AUDITOR-CONTROLLER

COUNTY OF RIVERSIDE

List of Principal Officials
 As of June 30, 2014

ELECTED OFFICIALS

Board of Supervisors



KEVIN JEFFRIES
 First District



JOHN F. TAVAGLIONE
 Second District



JEFF STONE
 Chairman
 Third District



JOHN BENOIT
 Fourth District



MARION ASHLEY
 Vice Chairman
 Fifth District

COUNTYWIDE ELECTED OFFICIALS



PAUL ZELLERBACH
 District Attorney



STANLEY SNIFF, JR.
 Sheriff
 Coroner
 Public Administrator



PAUL ANGULO
 Auditor
 Controller



LARRY WARD
 Assessor
 Clerk
 Recorder



DON KENT
 Treasurer
 Tax Collector

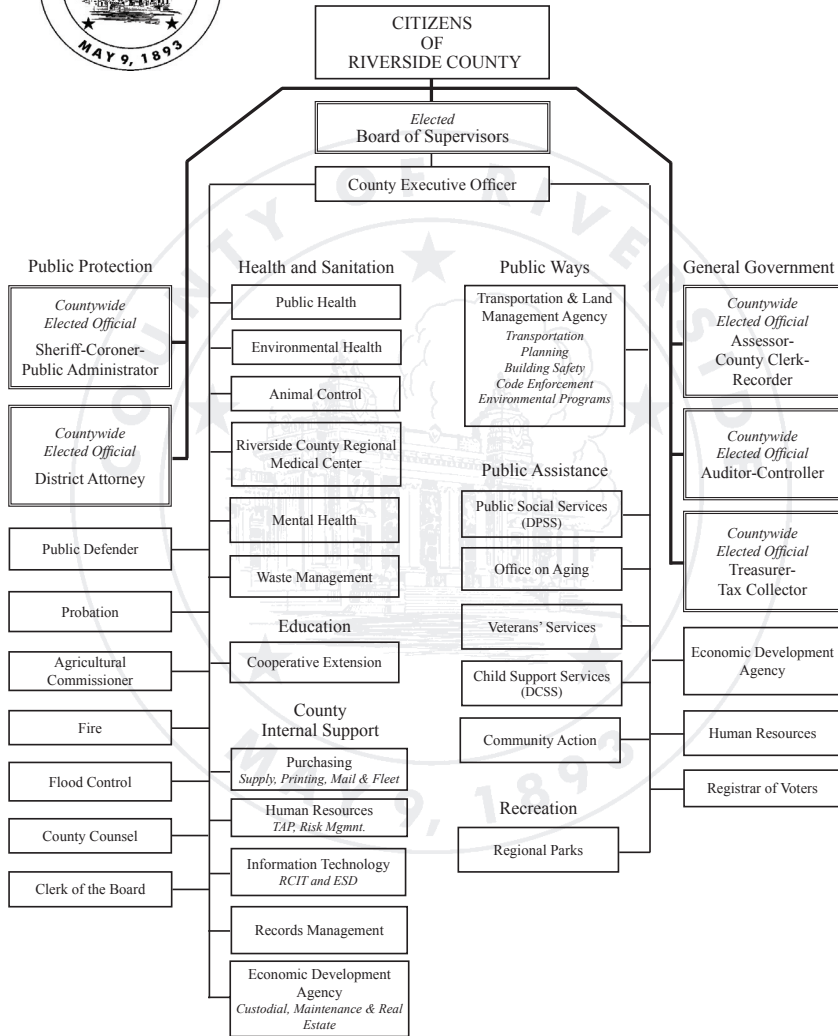
APPOINTED OFFICIALS

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

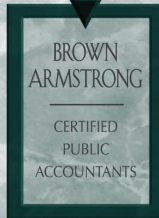
June 30, 2013

Executive Director/CEO



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FINANCIAL SECTION



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, 2014, 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	24%	16%
Aggregate Remaining Fund Information	4%	1%
Discretely Presented Component Units	49%	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.

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 TEL 209.451.4833

REGISTERED with the Public Company
 Accounting Oversight Board and
 MEMBER of the American Institute of
 Certified Public Accountants

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, 2014, 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. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* during fiscal year 2014. 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 3-22, the County's Retirement Plans schedule of funding progress on pages 111-112, and the schedule of funding progress for the County's Other Post Employment Benefit (OPEB) plan on page 113 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 5, 2014, 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 5, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

**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, 2014. 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 23.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2013-14, the County's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by \$4.6 billion (*net position*). The net position included \$690.2 million of unrestricted resources, which may be used to meet the County's ongoing obligations to citizens and creditors; \$596.4 million of restricted resources, which is required by external sources or through enabling legislation to be used for specific purposes; and \$3.3 billion is net investment in capital assets.
- As of June 30, 2014, the County's governmental funds reported combined fund balances of \$1.1 billion, a decrease of \$52.2 million in comparison with the prior year. Approximately 19.1% of this amount (\$203.4 million) is available for spending at the County's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned, and unassigned* components of *fund balance*) for the general fund was \$244.0 million, or approximately 9.9% of total general fund expenditures.
- \$231.2 million increase in capital assets net of accumulated depreciation resulted from addition of equipment purchases, acquisition of building and land, and completion of various projects related to roads and storm water drains.
- \$21.6 million increase in outstanding long-term debt resulted mainly from bond issuance and net of scheduled retirement of outstanding debts.

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 23.

The *statement of activities*, presented on page 9 in summary and on pages 24-25 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.

Management's Discussion & Analysis (Unaudited)

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 five major funds, twenty nonmajor funds, and a representative allocation of the County's internal service funds. The five major governmental funds are the general fund, flood control special revenue fund, transportation special revenue fund, teeter debt service fund, and public facilities improvements 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 Management, and 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 28-45, 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 Governmental Accounting Standards Board (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. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Management's Discussion & Analysis (Unaudited)

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, and public facilities improvements 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 40-43, 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 Management, Housing Authority, County Service Areas, and Flood Control. RMC, Waste Management, 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 44-45, are presented on the economic resources measurement focus and the accrual basis of accounting.

Management's Discussion & Analysis (Unaudited)

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 47-109 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 111-113 of this report.

Combining and individual fund statements and 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 schedules can be found on pages 115-166 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, 2014, in comparison to the prior fiscal year 2012-13. At the end of current fiscal year, the County reported positive net position in all three categories: net investment in capital assets, restricted net position and unrestricted net position. Total assets and deferred outflow of resources, as indicated below, exceeded liabilities and deferred inflow of resources by \$4.6 billion representing a decrease of \$23.3 million (\$20.2 million changes in net position and restatement of \$3.1 million, see Note 3), or 0.5%. A more detailed statement can be found on page 23 in the government-wide financial statements.

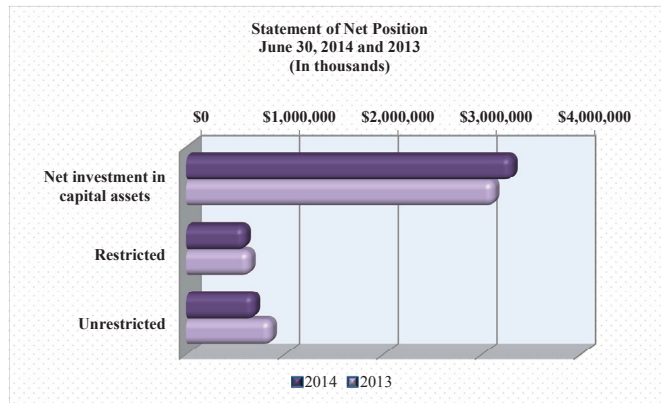
Statement of Net Position June 30, 2014 (In thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) %
	2014	2013	2014	2013	2014	2013	
Assets:							
Current and other assets	\$ 2,535,316	\$ 2,542,934	\$ 469,859	\$ 521,110	\$ 3,005,175	\$ 3,064,044	-1.9%
Capital assets	4,124,395	3,913,392	295,478	275,292	4,419,873	4,188,684	5.5%
Total assets	6,659,711	6,456,326	765,337	796,402	7,425,048	7,252,728	2.4%
Deferred outflows of resources:							
Deferred outflows of resources	25,722	26,821	278	347	26,000	27,168	0.0%
Total deferred outflows of resources	25,722	26,821	278	347	26,000	27,168	0.0%
Liabilities:							
Current liabilities	697,048	651,424	218,048	152,033	915,096	803,457	13.9%
Long-term liabilities	1,585,792	1,492,824	322,076	333,806	1,907,868	1,826,630	4.4%
Total liabilities	2,282,840	2,144,248	540,124	485,839	2,822,964	2,630,087	7.3%
Deferred inflows of resources:							
Deferred inflows of resources	19,706	17,703	8,684	9,118	28,390	26,821	0.0%
Total deferred inflows of resources	19,706	17,703	8,684	9,118	28,390	26,821	0.0%
Net position:							
Net investment in capital assets	3,165,319	2,998,987	147,806	118,594	3,313,125	3,117,581	6.3%
Restricted	499,463	550,326	96,904	94,346	596,367	644,672	-7.5%
Unrestricted	718,105	771,883	(27,903)	88,852	690,202	860,735	-19.8%
Total net position	\$ 4,382,887	\$ 4,321,196	\$ 216,807	\$ 301,792	\$ 4,599,694	\$ 4,622,988	-0.5%

Management's Discussion & Analysis (Unaudited)

Below are the three components of net position and their respective balances as of June 30, 2014:

- Net investment in capital assets was \$3.3 billion, or 72.0%, of the County's total net position compared to \$3.1 billion, or 67.4%, for fiscal year 2012-13. 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.
- \$596.4 million, or 13.0%, of the County's total restricted net position compared to \$644.7 million, or 13.9% for fiscal year 2012-13. 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.
- \$690.2 million, or 15.0%, 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, \$718.1 million is from governmental activities and \$27.9 million deficit from business-type activities, compared to prior year whereas, \$771.9 million was from governmental activities and a \$88.9 million from business-type activities.



Management's Discussion & Analysis (Unaudited)

The following table provides information from the Statement of Activities of the County as of June 30, 2014, as compared to the prior year:

**Statement of Activities
For the year ended June 30, 2014
(In thousands)**

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) %
	2014	2013	2014	2013	2014	2013	
Revenues:							
Program revenues:							
Charges for services	\$ 615,895	\$ 588,461	\$ 555,966	\$ 600,747	\$ 1,171,861	\$ 1,189,208	-1.5%
Operating grants and contributions	1,593,627	1,503,390	-	-	1,593,627	1,503,390	6.0%
Capital grants and contributions	29,890	27,695	450	698	30,340	28,393	6.9%
General revenues:							
Property taxes	297,107	277,417	-	-	297,107	277,417	7.1%
Sales and use taxes	35,443	29,751	-	-	35,443	29,751	19.1%
Unrestricted intergovernmental revenue	227,303	220,811	-	-	227,303	220,811	2.9%
Investment earnings	11,317	2,035	1,319	(33)	12,636	2,002	531.2%
Other	195,756	206,337	-	-	195,756	206,337	-5.1%
Total revenues	3,006,338	2,855,897	557,735	601,412	3,564,073	3,457,309	3.1%
Expenses:							
General government	228,146	194,641	-	-	228,146	194,641	17.2%
Public protection	1,191,438	1,065,373	-	-	1,191,438	1,065,373	11.8%
Public ways and facilities	108,380	89,469	-	-	108,380	89,469	21.1%
Health and sanitation	460,963	422,982	-	-	460,963	422,982	9.0%
Public assistance	851,246	807,611	-	-	851,246	807,611	5.4%
Education	24,420	18,998	-	-	24,420	18,998	28.5%
Recreation and culture	20,077	12,274	-	-	20,077	12,274	63.6%
Interest on long-term debt	47,236	29,453	-	-	47,236	29,453	60.4%
Regional Medical Center	-	-	482,240	473,916	482,240	473,916	1.8%
Waste Management	-	-	62,721	53,069	62,721	53,069	18.2%
Housing Authority	-	-	94,716	90,678	94,716	90,678	4.5%
Flood Control	-	-	2,561	2,472	2,561	2,472	3.6%
County Service Areas	-	-	429	459	429	459	-6.5%
Total expenses	2,931,906	2,640,801	642,667	620,594	3,574,573	3,261,395	9.6%
Excess (deficiency) before							
Transfers	74,432	215,096	(84,932)	(19,182)	(10,500)	195,914	-105.4%
Transfer in (out)	(9,645)	(1,049)	9,645	1,049	-	-	0.0%
Change in net position, before extraordinary and special items	64,787	214,047	(75,287)	(18,133)	(10,500)	195,914	-105.4%
Extraordinary items	-	(158,337)	-	154,589	-	(3,748)	-100.0%
Special items	-	-	(9,698)	-	(9,698)	-	100.0%
Change in net position	64,787	55,710	(84,985)	136,456	(20,198)	192,166	-110.5%
Net position, beginning of year, as Restated	4,318,100	4,265,486	301,792	165,336	4,619,892	4,430,822	4.3%
Net position, end of year	\$ 4,382,887	\$ 4,321,196	\$ 216,807	\$ 301,792	\$ 4,599,694	\$ 4,622,988	-0.5%

Management's Discussion & Analysis (Unaudited)

The following are specific major factors that resulted in the net position changes in governmental activities between fiscal years 2013-14 and 2012-13 as shown in the table of the previous page 9.

Revenues for governmental activities

Revenues from *Charges for services* increased by \$27.4 million, or 4.7%. 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 health services provided to the new population of Medi-Cal patients, lease revenue collected from landfills operated by Waste Management department, and developer mitigation fees from the increased permit activity in the Rancho Bella Vista specific plan located in the third supervisorial district.

Revenues from *Operating grants and contributions* increased by \$90.2 million, or 6.0%, due to significant changes in the following state and federal sources:

- \$60.0 million in public assistance administrative expense claim for the continued caseload growth in medical expansion related to health care reform by filling additional position for keeping the caseloads more manageable. \$20.7 million recognized as revenue from local revenue funds including the 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. \$10.2 million in the state allocation of the one-half cent proposition 172 public safety sales tax funds increased due to the improvement in sales activity in the County as the consumer confidence rebounded.

Revenues from *Property taxes* increased by \$19.7 million, or 7.1%, due to the 4.0% increase in fiscal year 2013-14 assessment roll value and documentary transfer tax. Additional analysis can be found in general fund financial analysis on page 15.

Revenues from *Sales and used taxes* increased by \$5.7 million, or 19.1% were mainly due to a growth in consumer goods sales at the recent expansion of factory outlets in Cabazon, and higher Triple Flip payments driven by one-time allocations and retroactive corrections in the energy and utilities sectors. In addition, a new district tax of 0.25% approved by local voters effective on October 01, 2013 from 7.75% to 8.0%.

Revenues from *Unrestricted intergovernmental revenue* increased by \$6.5 million, or 2.9% in property tax in-lieu of vehicle license fee due to the growth in property assessed values and adjustments.

The significant change in *Investment earnings* was due to higher interest rates earned as a result of the improved economic and market conditions.

Other revenue sources decreased by \$10.6 million, or 5.1%. The decrease was mainly from a dispute settlement related to the non-participating manufacturers adjustment and donations for environmental preservation.

Expenses for governmental activities

Total expenses for governmental activities were \$2.9 billion for the current fiscal year, an increase of \$291.1 million or 11.0%, as compared to prior fiscal year. The following are the key components accounting for the variances:

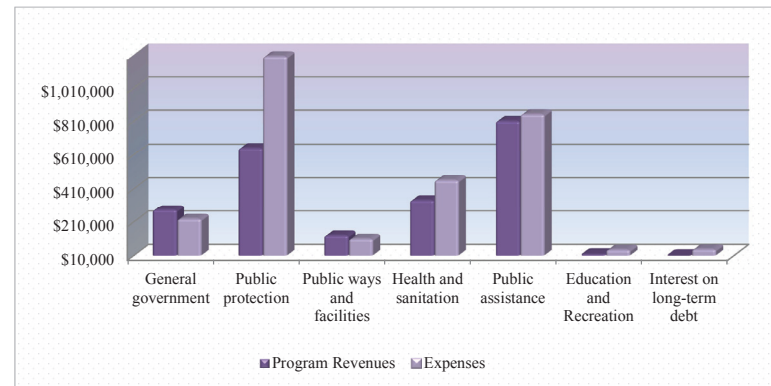
- General government represents \$228.1 million, or 7.8%, of the total governmental activities expenses, increased by \$33.5 million or 17.2% from prior year due to contribution for the several construction projects from the capital improvement program including new jail facility, emergency operation center, county law building, and courtrooms.
- Public protection represents \$1.2 billion, or 40.6%, of the total governmental activities expenses, increased by \$126.1 million, or 11.8% from prior year was due to salary and benefit increases including the cost of

Management's Discussion & Analysis (Unaudited)

living adjustments, pension rates and costs continue to rise, an upgraded communication system was implemented during fiscal year 2013-14, and continuation of Assembly Bill (AB) 109 Realignment. Additional analysis can be found in general fund financial analysis on page 16.

- \$108.4 million, or 3.7% of the total governmental activities expenses, increased by \$18.9 million, or 21.1% for public ways and facilities due to several completion of interchange improvement projects and grade separation projects for eliminating conflicts between railroad operations and vehicular traffic.
- Health and sanitation represents \$461.0 million or 15.7% of the total expenses, increased by \$38.0 million, or 9.0% from prior year caused by the mental health clinics and services continued to expand with the funding received from the Mental Health Service Act (MHSA) formerly known as Proposition 63. It was approved by California voters to provide a 1.0% tax on personal income over \$1.0 million in order to expand and transform the county mental health service system.
- \$851.2 million or 29.0% of the total expenses, increased by \$43.6 million or 5.4% from prior year for public assistance which was caused by the continued caseload growth and in preparation of Medi-Cal expansion related to healthcare reform. Additional analysis can be found in general fund financial analysis on page 18. The remaining 3.1% represents education for \$24.4 million or 0.8%; recreation and culture for \$20.1 million or 0.7%, and interest on long-term debt for \$47.2 million or 1.6%.

Program Revenues and Expenses - Governmental Activities
For the fiscal year ended June 30, 2014
(In Thousands)



Management's Discussion & Analysis (Unaudited)

Business-type Activities

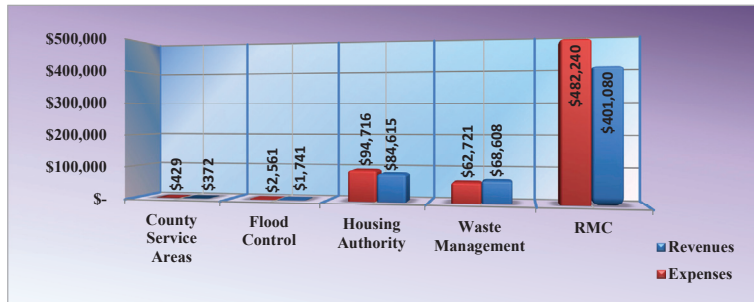
The following are specific major factors that resulted in the net position changes in business-type activities between fiscal years 2012-13 and 2013-14 as shown in the previous table of page 9.

Revenues: The County has three major business-type activities: Riverside County Regional Medical Center (RMC), Waste Management, 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, \$556.0 million or 99.7%, 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, \$400.6 million, was received by RMC as compared to \$450.3 million for the prior fiscal year. The decrease was mainly attributed to the new waiver for Disproportionate Share Hospital Program (DSH) revenue which provided by the State for supplemental payments to uncompensated care has been reduced.

Expenses: Total expenses for business-type activities were \$642.7 million for the fiscal year compared to \$620.6 million for the prior fiscal year. This represents an increase of \$22.1 million or 11.5%. Expenses of \$482.2 million or 75.0% were incurred by RMC in the current fiscal year, as compared to \$473.9 million or 76.4%, for the prior fiscal year. In addition, expenses for Waste Management department expenses were \$62.7 million or 9.8%, compared to \$53.1 million or 8.6% from prior fiscal year; Housing Authority expenses were \$94.7 million or 14.7% of total expenses for business-type activities, compared to prior fiscal year's expenses of \$90.7 million or 14.6%; 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, 2014
(In Thousands)



Management's Discussion & Analysis (Unaudited)

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, 2014, the County's governmental funds reported combined fund balances of \$1.1 billion, a decrease of \$52.2 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 – \$4.4 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 – \$486.4 million, 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 – \$306.4 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 – \$62.0 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 – \$203.4 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 \$149.1 million or 5.4%, from the prior fiscal year with \$2.9 billion being recognized for the fiscal year ended June 30, 2014. Expenditures increased by \$222.4 million or 7.8%, from the prior fiscal year with \$3.1 billion being expended for governmental functions during fiscal year 2013-14. Overall, governmental fund balance decreased by \$49.1 million or 4.4%. In comparison, fiscal year 2012-13 had a decrease in governmental fund balance of \$221.8 million or 16.6%, over fiscal year 2011-12.

The *general fund* is the primary operating fund of the County. At the end of fiscal year 2013-14, the general fund's total fund balance was \$363.7 million, as compared to \$357.2 million in fiscal year 2012-13. 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 \$361.6 million. The current year unassigned fund balance is 8.3% of the total general fund expenditures of \$2.5 billion, as compared to 8.7% of the prior year expenditures total of \$2.3 billion. The total fund balance of the general fund for the current year is 14.8% of the total general fund expenditures as compared to 15.6% for the prior year.

The decrease in Transportation and Land Management Agency fund balance was due to higher road construction costs as a result of the completion of several major interchange improvements and grade separation projects began during the current fiscal year.

Flood control fund balance increased by \$3.7 million or 1.4%, \$254.9 million from prior year to \$258.6 million due to a decrease in inspection costs for developer constructed infrastructure projects.

Public facilities improvement capital project fund balance decreased from \$199.6 million to \$134.7 million, 32.5% or \$64.9 million. The decrease was caused by the construction and remodeling costs related to the major existing projects such as, the expansion of East County Detention Center, Van Horn Juvenile Facility, RMC education building, public defender building remodel, and the new alternate emergency operation center.

Management's Discussion & Analysis (Unaudited)

Other Governmental Funds

The increase in nonmajor governmental funds fund balance was essentially from a new lease revenue bond issuance for financing the construction, renovation, equipping and furnishing of existing buildings.

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 Management 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 \$339.4 million, compared to \$448.3 million for prior fiscal year, decreased by \$108.9 million or 24.3%. Of the year ended balances, unrestricted net position was as follows:

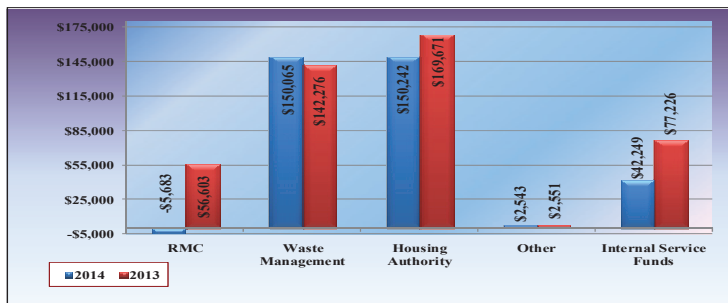
- Regional Medical Center: -\$120.2 million
- Waste Management: \$50.1 million
- Housing Authority: \$120.0 million
- Other enterprise fund activities: \$2.5 million
- Internal service fund activities: \$22.6 million

RMC's net position decreased by \$62.3 million from \$56.6 million to \$5.7 million deficit. The decrease was attributed to consulting services provided by Huron Consulting Group for health and mental health services delivery strategic planning which involve partnership, joint venture, and alignments with other healthcare providers.

Waste Management's net position increased by \$7.8 million, from \$142.3 million to \$150.1 million. The waste disposal service rate increased to finance the operational costs including salaries increases ranging from 2.7% to 5.5% and higher costs in tire and fuel supplies for landfill equipment.

A decrease of \$19.4 million in Housing Authority's net position attributed to the reduction of federal funding and higher operational costs from additional staffs hired and maintenance expenses occurred as planned development projects progressed throughout the year for the Housing Successor Agency.

Proprietary Funds Net Position
For the fiscal year ended June 30, 2014
(In Thousands)



Management's Discussion & Analysis (Unaudited)

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, 2014
(In thousands)

Revenues by Sources	2014		2013		Increase / (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percentage of Change
Taxes	\$ 256,746	10.0%	\$ 246,144	10.2%	\$ 10,602	4.3%
Intergovernmental revenues	1,653,338	64.6%	1,561,505	64.8%	91,833	5.9%
Charges for services	396,904	15.5%	374,750	15.6%	22,154	5.9%
Other revenue	155,771	6.1%	133,282	5.5%	22,489	16.9%
Other financing sources	97,982	3.8%	94,019	3.9%	3,963	4.2%
Total	\$ 2,560,741	100.0%	\$ 2,409,700	100%	\$ 151,041	6.3%

General fund revenues had an overall increase of \$151.0 million, or 6.3%, 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 4.0% increase in assessment roll value as the year-over-year growth in average sales price of single family homes in the County, a full 2.0% increase in inflation factor, and a substantial decline in foreclosure homes. Along with the assessment roll increase, the documentary transfer tax from the transfer of real property ownership increased since 2009 as a result of higher sales volume and refinances.
- The increase in *Intergovernmental revenues* was primarily attributed to allocation and realignment revenue from the state and federal aids. See explanation previously discussed on page 10.
- *Charges for services* increased by \$22.2 million, or 5.9%, was primarily due to the law enforcement services provided by County's sheriff patrol department and contracted services including fire protection and animal services provided to cities within the County, and real estate fraud prosecution trust fund fee increased from \$3.00 to \$10.00 per Approved Resolution No. 2013-038.
- The increase in *Other revenue* was mainly due to landfill lease agreement with the Waste Management department, revenue neutrality agreement from the City of Eastvale Inc., and negotiated pass through payments distributed from successor agency former redevelopment agency according to the agreement terms.
- *Other financing sources* increased \$4.0 million, or 4.2%, due to reimbursements from other county funds for debt service payments and county program activities.

Management's Discussion & Analysis (Unaudited)

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, 2014
(In thousands)

Expenditures by Function	2014		2013		Increase / (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percentage of Change
General government	\$ 106,045	4.2%	\$ 103,896	4.3%	\$ 2,149	2.1%
Public protection	1,116,621	43.6%	1,043,017	43.7%	73,604	7.1%
Health and sanitation	416,005	16.3%	388,325	16.3%	27,680	7.1%
Public assistance	795,309	31.1%	735,057	30.8%	60,252	8.2%
Other expenditures	19,313	0.8%	22,207	0.9%	(2,894)	-13.0%
Other financing uses	101,021	4.0%	96,547	4.0%	4,474	0.0%
Total	\$ 2,554,314	100.0%	\$ 2,389,049	100.0%	\$ 165,265	6.9%

Total expenditures for general fund were \$2.6 billion, an increase of \$165.3 million, or 6.9%, from the prior year. Significant changes are as follows:

- An increase of \$2.1 million, or 2.1% in *General government* was mainly due to costs associated with the election occurred in fiscal year 2012-13 such as overtime, temporary help, printing/binding, transportation, and equipment purchase.
- The increase in *Public protection* was mainly caused by negotiated salary/benefit increases, increase unincorporated patrol staffing to one sworn officer per 1,000 residents as a result of additional recruiting, testing, hiring, and training costs, an upgraded communication system was implemented during fiscal year 2013-14. In addition, the continuation of AB109 Realignment as a result of additional workload generated by transfer of parole hearings to the District Attorney, pre-trial services, increased jail population, require Every Convict Occupant Reimburse County Expenses (RECORCE) through the recruitment of vacant position, and Juvenile Justice Crime Prevention Act (JJCPA) which address a continuum of responses to at risk youth and juvenile offenders - prevention, intervention, supervision, treatment and incarceration.
- The increase in *Health and sanitation* was due to additional positions that were filled in the detention health department during the year for meeting the needs of inmates in county correctional facilities, and increase in payments for out-of-network health and mental health service providers as of result of medi-cal expansion.
- The increase in *Public assistance* was due to state policy changes related to the California Fostering Connections to Success Act was signed into law September 30, 2010 through AB12 and beginning January 1, 2013, foster youth can remain in foster care up to the age of 20 years of age, and starting January 1, 2014 up to age 21. Caseload growth in demand for services including medi-cal expansion related to health care reform, adult protective services, foster care, in-home support services, calworks, cal fresh, and adoption.
- *Other expenditures* decreased by \$2.9 million, or 13.0%, was mainly due to a decrease in principal and interest payments for capital asset leases for buildings and other purchases.
- The increase in *Other financing uses* was due to the contribution to other county funds for financing debt service payments, construction costs of capital projects, and county program activities.

Management's Discussion & Analysis (Unaudited)

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 decreased by \$31.4 million, or 1.2%, from \$2.66 billion to the final amended revenue budget of \$2.63 billion. The major changes in appropriations are as follows:

Taxes: Increased by \$9.3 million, or 4.0%, \$8.8 million of the increase was due to revenue received from the redevelopment agencies' sale of residual assets after dissolution.

Rents and concessions: Increased by \$8.5 million, or 41.1%, due to a Landfill Lease Agreement with County's Waste Management Department. In November 2013 the Board of Supervisors approved a landfill lease agreement where the general fund will be receiving \$1.8 million on a yearly basis for the next 25 years. This fiscal year the general fund received \$8.5 million for fiscal years 2010 thru 2014.

Charges for services: Decreased by \$74.9 million, or 15.3%. The primary decrease was mainly due to intergovernmental activities.

Expenditure Appropriation Variances

The original adopted general fund appropriation budget of \$2.7 billion decreased by \$51.4 million, or 1.9%, during the fiscal year. The major appropriation variances are described below.

General government: The appropriation budget decreased by \$38.8 million, or 19.1%.

- Salaries and employee benefits decreased by \$4.3 million or 4.9%. The primary decrease of \$3.1 million was due to the consolidation of Economic Development Agency and Facilities Management's administrative budgets.
- Other charges decreased by \$26.1 million, or 35.0%, mainly due to a reclassification to the category transfers out.
- Appropriation for contingencies decreased by \$13.7 million, or 57.0%. The Sheriff's department attributed to \$11.1 million of the decrease because their budget had to be 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 \$28.5 million, or 2.5%.

- Salaries and employee benefits increased by \$9.7 million or 1.3%. The Sheriff's department had increases in salaries 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.
- Services and supplies increased by \$14.4 million, or 4.4%. \$4.0 million of the variance was for fiscal year 2013 encumbrances for various general fund departments. \$1.5 million was for unexpected costs incurred by department of Animal Services related to the San Jacinto Valley Animal Shelter, \$2.0 million was for Fire department professional services, and \$1.3 million was required by Probation department to cover cost related to the implementation of the AB109 Criminal Justice Alignment.

Management's Discussion & Analysis (Unaudited)

- Capital assets increased by \$3.3 million, or 49.7%, with the majority of the increase due to Probation department replacing outdated computer equipment within their field offices and additional costs related to public safety enterprise radios and equipment required for JJCPA program.

Debt service: The appropriation budget decreased by \$38.9 million or 48.6%. Principal decreased by \$38.9 million, or 51.8%. The primary decrease was mainly due to the elimination of intergovernmental activities.

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 \$65.4 million resulting from unexpended appropriations of \$233.7 million, or 8.7%, and overestimated revenue of \$168.3 million, or 6.4%. The following contributed to the variance:

Revenue Variances

General fund actual revenues of \$2.5 billion were 6.4%, or \$168.3 million, less than the final amended revenue budget of \$2.6 billion.

Taxes: Actual revenues were greater than the final amended budget by \$14.3 million, or 5.9% due primarily to an increase in property taxes of \$2.8 million and an increase in sales and use tax of \$5.7 million.

Federal aid: Actual revenues were less than the final amended budget by \$87.8 million, or 16.0%. The department of Public Social Services had a decrease of \$64.0 million of which approximately \$45.0 million was due to the CalWORKS program. Mental Health had lower revenues by \$15.2 million and the Probation department had a decrease in revenues of approximately \$3.5 million.

Charges for services: Actual revenues were less than the final amended budget by \$19.0 million, or 4.6%. The Public Health department noted a decrease in revenues of \$3.5 million related to revenues generated through court fines from drunk driving which are then disbursed to the County physicians and hospitals for medical care where there is no other funding source.

Other revenue: Actual revenues were less than the final amended budget by \$50.7 million, or 55.2%. A decrease of \$35.2 million from CORAL relates to transfers and contributions from other County funds. A decrease of \$6.7 million in the department of Public Social Services was due to funding not needed as Federal, State and other funding covered cost in the current year.

Expenditure Variances

General fund actual expenditures of \$2.5 billion were 8.7%, or \$233.7 million, less than the final amended appropriation budget of \$2.7 billion.

General government: Actual expenditures were less than the final amended budget by \$58.7 million, or 35.6%.

- Salaries and employee benefits were \$5.2 million, or 6.1%, below budget. Decreases were noted in the Assessor by \$1.4 million and the Treasurer-Tax Collector by \$0.6 million.
- Services and supplies were \$5.9 million, or 8.2%, less than budgeted primarily due to a \$2.2 million decrease in Executive Office expenditures related to its 911 Communication project.
- Other charges decreased by \$36.9 million, or 76.3%, mainly due to decreases in contributions to other funds by the Executive Office and decreases in intergovernmental activities.
- Appropriation for contingencies decreased by \$10.3 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 million budget adjustment that was funded by contingency funds.

Management's Discussion & Analysis (Unaudited)

Public protection: Actual expenditures were less than the final amended budget by \$44.2 million, or 3.8%.

- Salaries and employee benefits were \$18.2 million, or 2.4%, less than budgeted primarily due to the District Attorney's by \$3.6 million, Juvenile Hall by \$3.8 million and Probation's by \$10.8 million as a result of unfilled positions.
- Services and supplies were \$19.3 million, or 5.6%, less than budgeted mainly due to the Clerk Recorder by \$1.2 million and Probation department by \$1.7 million primarily due to the implementation of AB109 criminal justice realignment.
- Capital Assets decreased by \$4.9 million, or 49.3%, mostly due to the CREST project expenditures.

Health and sanitation: Actual expenditures were less than the final amended budget by \$73.4 million, or 15.0%.

- Salaries and employee benefits were \$32.7 million, or 13.6%, less than budgeted amounts. Mental Health decrease by \$20.9 million, Detention Health System decreased by \$3.1 million, and Public Health department decrease by \$6.1 million due to positions that were not filled.
- Services and supplies were \$12.7 million, or 11.1%, less than budgeted primarily due to a \$7.0 million savings in the Public Health Agency as its Information Technology personnel consolidated/relocated under the County's Information Technology department and savings in overhead costs.
- Other charges were \$31.7 million, or 14.8%, less than budgeted as the realignment contributions were decreased by \$12.1 million. Mental Health had savings of \$15.0 million in contracts and medical services.

Public assistance: Actual expenditures were less than the final amended budget by \$34.7 million, or 4.2%.

- Salaries and employee benefits were \$16.5 million, or 6.1%, less than budgeted mainly due DPSS approved positions that were vacant throughout the fiscal year.
- Services and supplies were \$12.5 million, or 13.2%, less than budgeted primarily due to DPSS postponement of several new projects that had been budgeted and the cancellation of several IT contracts.

Debt service: Actual expenditures were less than the final amended budget by \$25.6 million, or 62.3%, primarily due to a decrease in principal and interest payments for capital asset leases for buildings and other purchases.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the County's capital assets for both its governmental and business-type activities amounted to \$4.4 billion (net of accumulated depreciation). The capital assets include land and easements, land improvements, construction in progress, equipment, 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 5.5% or \$231.2 million; from \$4.2 billion in fiscal year 2012-13 to \$4.4 billion in fiscal year 2013-14.

Major capital asset events during the current fiscal year included the following:

- Infrastructure increased approximately \$13.0 million as a result of the completion of the following projects: Liner-Lamb Canyon expansion in the amount of \$11.8 million and pavement projects for the Hemet Ryan Airport and Jacqueline Cochran Airport in the amount of \$1.2 million.
- Land easements increased approximately \$42.9 million as a result of acquisition of the following land: approximately 33.2 acres of Indio land was acquired for \$11.6 million, approximately 21.0 acres of the land from the Vernola Family Park was acquired for \$4.9 million, 50.2 acres of Van Horn, County Farm

Management's Discussion & Analysis (Unaudited)

and County Circle land was acquired for \$6.5 million and 7.1 acres of the Jurupa Aquatic Center land was acquired for \$3.6 million. The Flood Control District had land additions of \$7.3 million, for which \$4.2

million was for the Day Creek-Bellegrave Basin, \$1.8 million was for the Temescal Creek Flood Plain acquired for water conservation and habitat mitigation banking, and \$1.3 million was for the Green Acres Dam acquired to help alleviate the flooding of properties within the immediate vicinity.

- During the current fiscal year, the RCIT departments consolidated. As a result, the County Innovation Center was acquired to house all employees and information technology equipment. The acquisition increased land by 5.3 acres with a total cost of \$4.3 million and structures and improvements increased approximately \$24.1 million.
- Equipment increased approximately \$104.0 million. The primary increase of \$72.6 million consists of communication equipment of which \$55.0 million was purchased for the Public Safety Enterprise Communication system and \$20.0 million was purchased by the Sheriff department. The remaining balance of \$31.3 million was due to increases in office equipment, software, equipment vehicles and other miscellaneous equipment throughout the County.
- Construction in progress increased approximately \$47.8 million as a result of costs related to existing and new projects. The major projects were as follows: Flood District incurred \$10.6 million in new costs for storm drains, channels and dams. Transportation and Land Management Agency experienced the addition of \$10.9 million in various streets, bridges, and signal lights. RCIT incurred \$7.0 million in new costs for the Riverside Collaboration Data Center. Additional costs of \$11.1 million were incurred by Economic Development Agency for the construction of the Perris Valley Aquatic Center. The Crest project incurred an additional \$7.2 million towards the new integrated property tax management system.

**Capital Assets (Net of Accumulated Depreciation)
(In Thousands)**

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) %
	2014	2013	2014	2013	2014	2013	
Infrastructure	\$ 1,419,015	\$ 1,415,087	\$ 52,936	\$ 43,844	\$ 1,471,951	\$ 1,458,931	0.9%
Land and easements	507,989	469,522	25,777	21,358	533,766	490,880	8.7%
Land improvements	86	87	2,498	3,080	2,584	3,167	-18.4%
Structures and improvements	1,129,652	1,103,314	118,792	121,056	1,248,444	1,224,370	2.0%
Equipment	192,122	110,155	34,117	12,118	226,239	122,273	85.0%
Construction in progress	875,531	815,227	52,528	65,006	928,059	880,233	5.4%
Concession arrangements	-	-	8,830	8,830	8,830	8,830	0.0%
Total capital assets	\$ 4,124,395	\$ 3,913,392	\$ 295,478	\$ 275,292	\$ 4,419,873	\$ 4,188,684	5.5%

Additional information on the County's capital assets can be found in Note 8 on pages 70-72 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 \$384.0 million as of June 30, 2014. The calculated legal debt limit for the County is \$2.6 billion.

Management's Discussion & Analysis (Unaudited)

The following are credit ratings maintained by the County:

	Moody's Investors Services, Inc.	Standard & Poor's Corp.	Fitch
Short-term notes	MIGI	SP-1+	F1+
Long-term general obligation	Aaa	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, 2014.

**County's Outstanding Debt Obligations
(In Thousands)**

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) %
	2014	2013	2014	2013	2014	2013	
Loan payable	\$ 3,890	\$ 4,420	\$ -	\$ -	\$ 3,890	\$ 4,420	-12.0%
Bonds payable	810,186	744,460	132,941	143,710	943,127	888,170	6.2%
Certificate of participation	240,593	282,095	-	-	240,593	282,095	-14.7%
Capital leases	79,822	67,748	3,854	7,224	83,676	74,972	11.6%
Total outstanding	\$ 1,134,491	\$ 1,098,723	\$ 136,795	\$ 150,934	\$ 1,271,286	\$ 1,249,657	1.7%

Outstanding Debt: The County of Riverside's total debt increased by 1.7% or \$21.6 million during the current fiscal year primarily due to addition of \$84.5 million bond issuance, offset by \$18.5 million refunded bonds and \$44.4 million net of scheduled retirement of outstanding debts. Additional information on the County's long-term debt can be found in Note 14 on pages 78-88 of this report.

ECONOMIC FACTORS AND THE FISCAL YEAR 2014-15 BUDGET OUTLOOK

Economists' forecasts for long-term growth in the County are more optimistic. The residential and nonresidential property markets continue to improve while unemployment rates sink to levels consistent with strong economic recovery.

Recent decisions by the state have reshaped the way the County delivers essential public-safety services. The recommended budget includes an additional \$33.9 million to fund Board of Supervisors approved initiatives mostly related to the direct impacts of these decisions. These initiatives will be funded with \$12.1 million in general-fund discretionary revenue and \$21.8 million in Proposition 172 public safety sales-tax allocations.

The County continues to work aggressively to improve the fiscal conditions at RMC. Huron, a consultant hired by the County to assist with improving hospital operations, expects to meet or exceed \$55.5 million in recurring annual benefits. The fiscal year 2014-15 budget reflects hospital spending that does not exceed revenue that is generated.

Fiscal year 2014-15 discretionary revenue is expected to increase by approximately 8.3% (\$48.9 million) when compared to fiscal year 2013-14 initial budget. The increase is primarily due to growth in assessed valuation for property values. The driving factors in the roll's increase are the average sales price of single family homes in the County has increased by 24.0% and fewer foreclosures which have reduced the number of homes for sales and increased competition for available homes.

Management's Discussion & Analysis (Unaudited)

The following table reflects anticipated discretionary revenue totals and sources for fiscal year 2014-15.

Source	Final Budget Estimate (In Thousands)
Taxes	\$ 233,374
Other Taxes	49,360
Licenses, Permits, Franchise Taxes	5,037
Fines, Forfeitures, Penalties	23,760
Use of Money and Property	2,900
State	211,324
Federal	3,000
Charges for services	595
Miscellaneous	110,240
Total	<u>\$ 639,590</u>

The County's employee retirement benefit contribution rate for fiscal year 2014-15 for miscellaneous members is 14.5% and the safety contribution rate is 21.9%. 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 2015-16 rates are projected at 15.5% (Miscellaneous) and 23.3% (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.

BASIC FINANCIAL STATEMENTS- GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF RIVERSIDE
Statement of Net Position
June 30, 2014
(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)	\$ 1,015,240	\$ 70,708	\$ 1,085,948	\$ 42,039	\$ -
Receivables, net (Notes 1 and 6)	425,093	178,907	604,000	4,110	-
Internal balances (Note 7)	51,986	(51,986)	-	-	-
Inventories	5,631	6,960	12,591	-	-
Prepaid items and deposits	5,020	2,905	7,925	-	-
Restricted cash and investments (Notes 4 and 5)	503,422	153,790	657,212	-	11,410
Other noncurrent receivables (Note 6)	40,740	-	40,740	-	39,423
Loans receivable (Note 6)	1,800	73,981	75,781	-	-
Pension asset, net (Notes 20 and 21)	459,564	214	459,778	-	-
OPEB asset, net (Note 22)	26,820	-	26,820	-	-
Land held for resale	-	34,380	34,380	-	-
Capital assets (Note 8):					
Nondepreciable assets	1,383,520	87,135	1,470,655	392	-
Depreciable assets, net	2,740,875	208,343	2,949,218	1,870	-
Total assets	6,659,711	765,337	7,425,048	48,411	50,833
DEFERRED OUTFLOWS OF RESOURCES:					
Defeasance of debt	-	278	278	-	-
Interest rate swap (Note 14)	25,722	-	25,722	-	-
Total deferred outflows of resources	25,722	278	26,000	-	-
LIABILITIES:					
Current liabilities:					
Cash overdrawn (Note 4)	-	40,894	40,894	-	-
Accounts payable	152,649	23,243	175,892	1,790	5
Salaries and benefits payable	79,085	13,312	92,397	96	-
Due to other governments	22,215	137,421	159,636	-	-
Interest payable	9,360	349	9,709	-	490
Deposits payable	761	92	853	-	-
Advances from grantors and third parties (Note 12)	285,723	-	285,723	-	-
Notes payable (Note 13)	119,462	-	119,462	-	-
Other liabilities	2,071	2,737	4,808	-	-
Interest rate swap (Note 14)	25,722	-	25,722	-	-
Long-term liabilities (Note 14):					
Due within one year	216,182	27,242	243,424	87	5,325
Due beyond one year	1,369,610	294,834	1,664,444	70	45,894
Total liabilities	2,282,840	540,124	2,822,964	2,043	51,714
DEFERRED INFLOWS OF RESOURCES:					
Teeter tax loss reserve (Note 15)	19,706	-	19,706	-	-
Service concession arrangement (Note 9 and 15)	-	7,962	7,962	-	-
Other deferred inflows (Note 15)	-	722	722	-	-
Total deferred inflows of resources	19,706	8,684	28,390	-	-
NET POSITION:					
Net investment in capital assets	3,165,319	147,806	3,313,125	2,262	-
Restricted for:					
Children's programs	-	-	-	44,106	-
Community development	169,536	-	169,536	-	-
Debt service	94,785	47,136	141,921	-	-
Health and sanitation	28,225	13,287	41,512	-	-
Public protection	63,534	-	63,534	-	-
Public ways and facilities	141,602	-	141,602	-	-
Other programs	1,781	36,481	38,262	-	-
Unrestricted	718,105	(27,903)	690,202	-	(881)
Total net position	\$ 4,382,887	\$ 216,807	\$ 4,599,694	\$ 46,368	\$ (881)

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, 2014
(Dollars in Thousands)

FUNCTION/PROGRAM ACTIVITIES:	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 228,146	\$ 162,926	\$ 119,418	\$ -
Public protection	1,191,438	352,178	300,815	-
Public ways and facilities	108,380	35,574	64,594	29,150
Health and sanitation	460,963	53,120	289,702	-
Public assistance	851,246	2,167	810,473	-
Education	24,420	578	7,788	-
Recreation and cultural services	20,077	9,352	837	740
Interest on long-term debt	47,236	-	-	-
Total governmental activities	<u>2,931,906</u>	<u>615,895</u>	<u>1,593,627</u>	<u>29,890</u>
Business-type activities:				
Regional Medical Center	482,240	400,630	-	450
Waste Management Department	62,721	68,608	-	-
Housing Authority	94,716	84,615	-	-
Flood Control	2,561	1,741	-	-
County Service Areas	429	372	-	-
Total business-type activities	<u>642,667</u>	<u>555,966</u>	<u>-</u>	<u>450</u>
Total primary government	<u>\$ 3,574,573</u>	<u>\$ 1,171,861</u>	<u>\$ 1,593,627</u>	<u>\$ 30,340</u>
Component units:				
Children and Families Commission	\$ 20,116	\$ -	\$ 21,521	\$ -
Palm Desert Financing Authority	7,238	8,261	-	-
Total component units	<u>\$ 27,354</u>	<u>\$ 8,261</u>	<u>\$ 21,521</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes			297,107	-
Sales and use taxes			35,443	-
Other taxes			27,764	-
Unrestricted intergovernmental revenue			227,303	-
Investment earnings (loss)			11,317	1,319
Other			167,992	-
Transfers			(9,645)	9,645
Total general revenues and transfers			<u>757,281</u>	<u>10,964</u>
Changes in net position before special items			64,787	(75,287)
Special items				
Gain on land transfer from RDA Successor			-	6,700
Intergovernmental expense			-	(16,398)
Changes in net position			<u>64,787</u>	<u>(84,985)</u>
NET POSITION, BEGINNING OF YEAR, AS RESTATED (Note 3)			4,318,100	301,792
NET POSITION, END OF YEAR			<u>\$ 4,382,887</u>	<u>\$ 216,807</u>

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
\$ 54,198	\$ -	\$ 54,198		
(538,445)	-	(538,445)		
20,938	-	20,938		
(118,141)	-	(118,141)		
(38,606)	-	(38,606)		
(16,054)	-	(16,054)		
(9,148)	-	(9,148)		
(47,236)	-	(47,236)		
<u>(692,494)</u>	<u>-</u>	<u>(692,494)</u>		
-	(81,160)	(81,160)		
-	5,887	5,887		
-	(10,101)	(10,101)		
-	(820)	(820)		
-	(57)	(57)		
<u>-</u>	<u>(86,251)</u>	<u>(86,251)</u>		
<u>(692,494)</u>	<u>(86,251)</u>	<u>(778,745)</u>		
			\$ 1,405	\$ -
			-	1,023
			<u>1,405</u>	<u>1,023</u>
FUNCTION/PROGRAM ACTIVITIES:				
Primary government:				
Governmental activities:				
General government				
Public protection				
Public ways and facilities				
Health and sanitation				
Public assistance				
Education				
Recreation and cultural services				
Interest on long-term debt				
Total governmental activities				
Business-type activities:				
Regional Medical Center				
Waste Management Department				
Housing Authority				
Flood Control				
County Service Areas				
Total business-type activities				
Total primary government				
Component units:				
Children and Families Commission				
Palm Desert Financing Authority				
Total component units				
General revenues:				
Taxes:				
Property taxes	297,107	-	297,107	-
Sales and use taxes	35,443	-	35,443	-
Other taxes	27,764	-	27,764	-
Unrestricted intergovernmental revenue	227,303	-	227,303	-
Investment earnings (loss)	11,317	1,319	12,636	222
Other	167,992	-	167,992	19
Transfers	(9,645)	9,645	-	-
Total general revenues and transfers	<u>757,281</u>	<u>10,964</u>	<u>768,245</u>	<u>241</u>
Changes in net position before special items	64,787	(75,287)	(10,500)	1,646
Special items				
Gain on land transfer from RDA Successor	-	6,700	6,700	-
Intergovernmental expense	-	(16,398)	(16,398)	-
Changes in net position	<u>64,787</u>	<u>(84,985)</u>	<u>(20,198)</u>	<u>1,646</u>
NET POSITION, BEGINNING OF YEAR, AS RESTATED (Note 3)	4,318,100	301,792	4,619,892	44,722
NET POSITION, END OF YEAR	<u>\$ 4,382,887</u>	<u>\$ 216,807</u>	<u>\$ 4,599,694</u>	<u>\$ 46,368</u>

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, 2014
(Dollars in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	General	Transportation	Flood Control	Teeter Debt Service
Assets:				
Cash and investments (Note 4)	\$ 129,305	\$ 123,831	\$ 263,457	\$ -
Accounts receivable (Notes 1 and 6)	11,281	941	522	-
Interest receivable (Note 6)	650	38	117	11
Taxes receivable (Note 6)	9,849	11	1,046	70,659
Due from other governments (Note 6)	333,728	16,667	106	-
Due from other funds (Note 7)	11,157	208	13	35
Inventories	1,682	1,089	-	-
Prepaid items and deposits	-	2,600	1,388	-
Restricted cash and investments (Notes 4 and 5)	350,158	-	1,916	57,482
Advances to other funds (Note 7)	5,842	-	-	-
Total assets	853,652	145,385	268,565	128,187
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 853,652	\$ 145,385	\$ 268,565	\$ 128,187
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 61,288	\$ 46,200	\$ 7,315	\$ -
Salaries and benefits payable	68,156	2,017	989	-
Due to other governments	20,395	1,578	32	-
Due to other funds (Note 7)	248	238	59	8,725
Deposits payable	61	358	-	-
Advances from grantors and third parties (Note 12)	268,899	14,819	545	-
Teeter notes payable (Note 13)	-	-	-	119,462
Advances from other funds (Note 7)	5,000	-	-	-
Total liabilities	424,047	65,210	8,940	128,187
Deferred inflows of resources (Note 15)	65,929	-	1,044	-
Fund balances (Note 16):				
Nonspendable	2,045	1,101	1	-
Restricted	117,595	62,767	-	-
Committed	32,820	2,244	258,580	-
Assigned	7,772	14,063	-	-
Unassigned	203,444	-	-	-
Total fund balances	363,676	80,175	258,581	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 853,652	\$ 145,385	\$ 268,565	\$ 128,187

The notes to the basic financial statements are an integral part of this statement.

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	Public Facilities Improvements Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments (Note 4)	\$ 165,409	\$ 129,471	\$ 811,473
Accounts receivable (Notes 1 and 6)	-	1,760	14,504
Interest receivable (Note 6)	61	121	998
Taxes receivable (Note 6)	-	1,340	82,905
Due from other governments (Note 6)	287	12,054	362,842
Due from other funds (Note 7)	-	2	11,415
Inventories	-	-	2,771
Prepaid items and deposits	-	594	4,582
Restricted cash and investments (Notes 4 and 5)	-	93,866	503,422
Advances to other funds (Note 7)	-	-	5,842
Total assets	165,757	239,208	1,800,754
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 165,757	\$ 239,208	\$ 1,800,754
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ 5,094	\$ 8,304	\$ 128,201
Salaries and benefits payable	-	2,450	73,612
Due to other governments	-	200	22,205
Due to other funds (Note 7)	-	985	10,255
Deposits payable	-	342	761
Advances from grantors and third parties (Note 12)	-	1,460	285,723
Teeter notes payable (Note 13)	-	-	119,462
Advances from other funds (Note 7)	26,000	-	31,000
Total liabilities	31,094	13,741	671,219
Deferred inflows of resources (Note 15)	-	-	66,973
Fund balances (Note 16):			
Nonspendable	-	1,208	4,355
Restricted	123,860	182,139	486,361
Committed	3,000	9,750	306,394
Assigned	7,803	32,370	62,008
Unassigned	-	-	203,444
Total fund balances	134,663	225,467	1,062,562
Total liabilities, deferred inflows of resources, and fund balances	\$ 165,757	\$ 239,208	\$ 1,800,754

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF RIVERSIDE
 Reconciliation of the Balance Sheet of Governmental Funds to the
 Statement of Net Position
 June 30, 2014
 (Dollars in Thousands)

Fund balances - total governmental funds (page 29) \$ 1,062,562

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. 4,074,835

Net OPEB and pension assets are not current financial resources and therefore are not reported in the governmental funds. 486,384

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. 47,267

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	\$ 810,186	
Capital lease obligations	49,938	
Certificates of participation	240,593	
Loans payable	3,890	
Accrued interest payable	9,360	
Accreted interest payable	111,623	
Accrued remediation cost	2,574	
Compensated absences	<u>182,606</u>	(1,410,770)

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.

122,609

Net position of governmental activities (page 23) \$ 4,382,887

The notes to the basic financial statements are an integral part of this statement.



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COUNTY OF RIVERSIDE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014
(Dollars in Thousands)

	General	Transportation	Flood Control	Teeter Debt Service
REVENUES:				
Taxes	\$ 256,746	\$ 7,032	\$ 42,584	\$ -
Licenses, permits, and franchise fees	16,588	3,114	-	-
Fines, forfeitures, and penalties	81,037	-	-	-
Use of money and property:				
Investment earnings	4,629	637	1,404	258
Rents and concessions	12,269	-	105	-
Aid from other governmental agencies:				
Federal	462,291	27,321	-	-
State	1,107,878	58,306	605	-
Other	83,169	7,468	-	-
Charges for services	396,904	26,271	5,697	-
Other revenue	41,248	17,657	9,412	260
Total revenues	<u>2,462,759</u>	<u>147,806</u>	<u>59,807</u>	<u>518</u>
EXPENDITURES:				
Current:				
General government	106,045	-	-	881
Public protection	1,116,621	5,172	58,036	-
Public ways and facilities	-	163,356	-	-
Health and sanitation	416,005	-	-	-
Public assistance	795,309	-	-	-
Education	586	-	-	-
Recreation and culture	287	-	-	-
Debt service:				
Principal	10,746	-	-	-
Interest	4,729	-	-	-
Cost of issuance	-	-	-	-
Capital outlay	2,965	-	-	-
Total expenditures	<u>2,453,293</u>	<u>168,528</u>	<u>58,036</u>	<u>881</u>
Excess (deficiency) of revenues over (under) expenditures	9,466	(20,722)	1,771	(363)
OTHER FINANCING SOURCES (USES):				
Transfers in	95,017	14,608	2,932	696
Transfers out	(101,021)	(5,021)	(1,047)	(333)
Issuance of debt	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Premium on long-term debt	-	-	-	-
Capital leases	2,965	-	-	-
Total other financing sources (uses)	<u>(3,039)</u>	<u>9,587</u>	<u>1,885</u>	<u>363</u>
NET CHANGE IN FUND BALANCES	6,427	(11,135)	3,656	-
Fund balances, beginning of year, as previously reported	357,249	94,302	254,925	-
Adjustments to beginning fund balances (Note 3)	-	(2,992)	-	-
Fund balances, beginning of year, as restated	<u>357,249</u>	<u>91,310</u>	<u>254,925</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 363,676</u>	<u>\$ 80,175</u>	<u>\$ 258,581</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

Public Facilities Improvements Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 55,538	\$ 361,900
-	675	20,377
-	1,253	82,290
1,000	2,259	10,187
350	17,201	29,925
-	54,866	544,478
-	5,318	1,172,107
25,513	20,311	136,461
22,212	32,262	483,346
677	18,801	88,055
<u>49,752</u>	<u>208,484</u>	<u>2,929,126</u>
69,502	37,784	214,212
-	7,071	1,186,900
826	13,783	177,965
-	5,489	421,494
-	55,752	851,061
-	18,884	19,470
-	15,624	15,911
-	60,094	70,840
-	41,224	45,953
-	623	623
-	55,081	58,046
<u>70,328</u>	<u>311,409</u>	<u>3,062,475</u>
(20,576)	(102,925)	(133,349)
6,256	128,939	248,448
(50,577)	(95,013)	(253,012)
-	64,000	64,000
-	20,510	20,510
-	1,338	1,338
-	-	2,965
<u>(44,321)</u>	<u>119,774</u>	<u>84,249</u>
(64,897)	16,849	(49,100)
199,560	208,722	1,114,758
-	(104)	(3,096)
<u>199,560</u>	<u>208,618</u>	<u>1,111,662</u>
<u>\$ 134,663</u>	<u>\$ 225,467</u>	<u>\$ 1,062,562</u>

REVENUES:
Taxes
Licenses, permits, and franchise fees
Fines, forfeitures, and penalties
Use of money and property:
Investment earnings
Rents and concessions
Aid from other governmental agencies:
Federal
State
Other
Charges for services
Other revenue
Total revenues
EXPENDITURES:
Current:
General government
Public protection
Public ways and facilities
Health and sanitation
Public assistance
Education
Recreation and culture
Debt service:
Principal
Interest
Cost of issuance
Capital outlay
Total expenditures
Excess (deficiency) of revenues over (under) expenditures
OTHER FINANCING SOURCES (USES):
Transfers in
Transfers out
Issuance of debt
Issuance of refunding bonds
Premium on long-term debt
Capital leases
Total other financing sources (uses)
NET CHANGE IN FUND BALANCES
Fund balances, beginning of year, as previously reported
Adjustments to beginning fund balances (Note 3)
Fund balances, beginning of year, as restated
FUND BALANCES, END OF YEAR

The notes to the basic financial statements are an integral part of this statement.



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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, 2014
 (Dollars in Thousands)

Net change in fund balances - total governmental funds (page 33)	\$	(49,100)
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	\$ 291,382	
Less loss on disposal of capital assets	21,593	
Less current year depreciation	<u>(118,848)</u>	194,127
Prepaid pension costs and Other Public 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.		
		8,484
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		(17,769)
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.		
		(3,693)
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	(395)	
Change in accreted interest	(16,962)	
Change in long-term compensated absences	<u>(25,979)</u>	(43,336)
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.		
		<u>(23,926)</u>
Change in net position of governmental activities (page 25)	\$	<u><u>64,787</u></u>

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, 2014
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 233,196	\$ 242,488	\$ 256,746	\$ 14,258
Licenses, permits, and fees	17,646	17,756	16,588	(1,168)
Fines, forfeitures, and penalties	80,339	81,829	81,037	(792)
Use of money and property:				
Investment earnings	2,613	2,613	4,629	2,016
Rents and concessions	20,649	29,131	12,269	(16,862)
Aid from other governmental agencies:				
Federal	544,936	550,065	462,291	(87,774)
State	1,098,095	1,118,042	1,107,878	(10,164)
Other government	81,247	81,247	83,169	1,922
Charges for services	490,773	415,895	396,904	(18,991)
Other revenue	92,987	91,971	41,248	(50,723)
Total revenues	<u>2,662,481</u>	<u>2,631,037</u>	<u>2,462,759</u>	<u>(168,278)</u>
EXPENDITURES:				
Current:				
General government:				
Salaries and employee benefits	88,508	84,182	79,027	(5,155)
Services and supplies	67,478	72,556	66,631	(5,925)
Other charges	74,448	48,368	11,475	(36,893)
Capital assets	214	1,160	975	(185)
Intrafund transfers	(51,165)	(51,913)	(52,063)	(150)
Appropriation for contingencies	24,061	10,343	-	(10,343)
Total general government	<u>203,544</u>	<u>164,696</u>	<u>106,045</u>	<u>(58,651)</u>
Public protection:				
Salaries and employee benefits	752,136	761,838	743,618	(18,220)
Services and supplies	331,340	345,759	326,416	(19,343)
Other charges	49,106	50,187	48,952	(1,235)
Capital assets	6,586	9,861	5,003	(4,858)
Intrafund transfers	(6,801)	(6,807)	(7,368)	(561)
Total public protection	<u>1,132,367</u>	<u>1,160,838</u>	<u>1,116,621</u>	<u>(44,217)</u>
Health and sanitation:				
Salaries and employee benefits	246,742	239,632	206,963	(32,669)
Services and supplies	109,175	114,412	101,733	(12,679)
Other charges	209,081	214,387	182,647	(31,740)
Capital assets	840	1,454	366	(1,088)
Intrafund transfers	(79,979)	(80,506)	(75,704)	4,802
Total health and sanitation	<u>485,859</u>	<u>489,379</u>	<u>416,005</u>	<u>(73,374)</u>

(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, 2014
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
Public assistance:				
Salaries and employee benefits	\$ 276,716	\$ 271,197	\$ 254,661	\$ (16,536)
Services and supplies	91,834	94,299	81,832	(12,467)
Other charges	467,357	464,767	458,972	(5,795)
Capital assets	201	201	128	(73)
Intrafund transfers	(416)	(416)	(284)	132
Total public assistance	<u>835,692</u>	<u>830,048</u>	<u>795,309</u>	<u>(34,739)</u>
Education:				
Salaries and employee benefits	289	289	289	-
Services and supplies	304	298	297	(1)
Total education	<u>593</u>	<u>587</u>	<u>586</u>	<u>(1)</u>
Recreation and culture:				
Salaries and employee benefits	93	122	95	(27)
Services and supplies	297	200	190	(10)
Other charges	64	63	2	(61)
Capital assets	1	1	-	(1)
Intrafund transfers	(1)	(1)	-	1
Total recreation and culture	<u>454</u>	<u>385</u>	<u>287</u>	<u>(98)</u>
Debt service:				
Principal	75,052	36,192	10,746	(25,446)
Interest	4,895	4,895	4,729	(166)
Total debt service	<u>79,947</u>	<u>41,087</u>	<u>15,475</u>	<u>(25,612)</u>
Capital outlay				
Total expenditures	<u>2,738,456</u>	<u>2,687,020</u>	<u>2,453,293</u>	<u>(233,727)</u>
Excess (deficiency) of revenues over (under) expenditures	(75,975)	(55,983)	9,466	65,449
OTHER FINANCING SOURCES (USES):				
Transfers in	-	95,017	95,017	-
Transfers out	-	(101,021)	(101,021)	-
Capital leases	-	-	2,965	2,965
Total other financing sources (uses)	<u>-</u>	<u>(6,004)</u>	<u>(3,039)</u>	<u>2,965</u>
NET CHANGE IN FUND BALANCE	<u>(75,975)</u>	<u>(61,987)</u>	<u>6,427</u>	<u>68,414</u>
Fund balance, beginning of year	<u>357,249</u>	<u>357,249</u>	<u>357,249</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 281,274</u>	<u>\$ 295,262</u>	<u>\$ 363,676</u>	<u>\$ 68,414</u>

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, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 4,720	\$ 4,720	\$ 7,032	\$ 2,312
Licenses, permits, and franchise fees	2,343	2,343	3,114	771
Use of money and property:				
Investment earnings	277	277	637	360
Aid from other governmental agencies:				
Federal	25,395	25,395	27,321	1,926
State	56,430	56,430	58,306	1,876
Other	10,646	10,646	7,468	(3,178)
Charges for services	81,743	68,212	26,271	(41,941)
Other revenue	10,033	9,105	17,657	8,552
Total revenues	<u>191,587</u>	<u>177,128</u>	<u>147,806</u>	<u>(29,322)</u>
EXPENDITURES:				
Current:				
Public protection	7,145	6,939	5,172	(1,767)
Public ways and facilities	186,145	184,320	163,356	(20,964)
Total expenditures	<u>193,290</u>	<u>191,259</u>	<u>168,528</u>	<u>(22,731)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,703)	(14,131)	(20,722)	(6,591)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	14,608	14,608	-
Transfers out	-	(5,021)	(5,021)	-
Total other financing sources (uses)	<u>-</u>	<u>9,587</u>	<u>9,587</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(1,703)</u>	<u>(4,544)</u>	<u>(11,135)</u>	<u>(6,591)</u>
Fund balance, beginning of year, as previously reported	94,302	94,302	94,302	-
Adjustments to beginning fund balance	-	-	(2,992)	(2,992)
Fund balance, beginning of year, as restated	<u>94,302</u>	<u>94,302</u>	<u>91,310</u>	<u>(2,992)</u>
FUND BALANCE, END OF YEAR	<u>\$ 92,599</u>	<u>\$ 89,758</u>	<u>\$ 80,175</u>	<u>\$ (9,583)</u>

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, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 40,182	\$ 40,182	\$ 42,584	\$ 2,402
Use of money and property:				
Investment earnings	914	914	1,404	490
Rents and concessions	228	228	105	(123)
Aid from other governmental agencies:				
Federal	1	1	-	(1)
State	632	632	605	(27)
Charges for services	4,102	4,102	5,697	1,595
Other revenue	13,764	13,764	9,412	(4,352)
Total revenues	<u>59,823</u>	<u>59,823</u>	<u>59,807</u>	<u>(16)</u>
EXPENDITURES:				
Current:				
Public protection	178,225	177,186	58,036	(119,150)
Total expenditures	<u>178,225</u>	<u>177,186</u>	<u>58,036</u>	<u>(119,150)</u>
Excess (deficiency) of revenues over (under) expenditures	(118,402)	(117,363)	1,771	119,134
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,932	2,932	-
Transfers out	-	(1,047)	(1,047)	-
Total other financing sources (uses)	<u>-</u>	<u>1,885</u>	<u>1,885</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(118,402)</u>	<u>(115,478)</u>	<u>3,656</u>	<u>119,134</u>
Fund balance, beginning of year	254,925	254,925	254,925	-
FUND BALANCE, END OF YEAR	<u>\$ 136,523</u>	<u>\$ 139,447</u>	<u>\$ 258,581</u>	<u>\$ 119,134</u>

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, 2014
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental
	Regional Medical Center	Waste Management	Housing Authority	Other	Total	Internal Service Funds
ASSETS:						
Current assets:						
Cash and investments (Note 4)	\$ 10	\$ 43,213	\$ 24,869	\$ 2,616	\$ 70,708	\$ 203,767
Accounts receivable - net (Notes 1 and 6)	58,550	4,468	155	251	63,424	3,801
Interest receivable (Note 6)	-	48	-	5	53	81
Taxes receivable (Note 6)	-	-	-	12	12	-
Due from other governments (Note 6)	112,991	63	2,352	12	115,418	702
Due from other funds (Note 7)	-	-	-	1	1	80
Advances to other funds (Note 7)	-	54,856	-	-	54,856	2,000
Inventories	6,700	260	-	-	6,960	2,861
Land held for sale	-	-	34,380	-	34,380	-
Prepaid items and deposits	2,905	-	-	-	2,905	438
Restricted cash and investments (Notes 4 and 5)	60,543	66,384	23,983	2,880	153,790	-
Total current assets	241,699	169,292	85,739	5,777	502,507	213,730
Noncurrent assets:						
Loans receivable (Note 6)	-	-	73,981	-	73,981	1,800
Pension asset, net (Note 20)	-	214	-	-	214	-
Capital assets (Note 8):						
Nondepreciable assets	52,755	25,020	9,360	-	87,135	917
Depreciable assets	137,661	61,641	9,015	26	208,343	48,643
Total noncurrent assets	190,416	86,875	92,356	26	369,673	51,360
Total assets	432,115	256,167	178,095	5,803	872,180	265,090
DEFERRED OUTFLOWS OF RESOURCES:						
Defeasance of debt (Note 15)	-	-	278	-	278	-
Total deferred outflows of resources	-	-	278	-	278	-
LIABILITIES:						
Current liabilities:						
Cash overdrawn (Note 4)	40,894	-	-	-	40,894	-
Accounts payable	17,949	2,344	9	2,941	23,243	24,449
Salaries and benefits payable	12,414	866	-	32	13,312	5,473
Due to other governments	121,015	8	16,398	-	137,421	10
Due to other funds (Note 7)	624	-	-	3	627	614
Interest payable	344	-	-	-	349	-
Deposits payable	-	38	-	54	92	-
Other liabilities	117	649	1,821	150	2,737	2,071
Accreted interest payable (Note 14)	216	-	-	-	216	-
Accrued closure and post-closure costs (Notes 10 and 23)	-	263	-	-	263	-
Accrued remediation costs (Note 23)	-	156	-	-	156	-
Compensated absences (Notes 1 and 14)	10,345	1,078	-	9	11,432	7,972
Capital lease obligations (Note 14)	2,324	-	-	-	2,324	6,516
Bonds payable (Note 14)	12,696	-	155	-	12,851	-
Estimated claims liabilities (Notes 14 and 17)	-	-	-	-	-	34,262
Total current liabilities	218,938	5,402	18,388	3,189	245,917	81,367
Noncurrent liabilities:						
Compensated absences (Note 2)	9,549	1,617	1,496	71	12,733	4,067
Advances from other funds (Note 7)	25,856	-	-	-	25,856	5,842
Accreted interest payable (Note 14)	62,565	-	-	-	62,565	-
Accrued closure and post closure care costs (Note 10)	-	55,207	-	-	55,207	-
Accrued remediation costs (Note 10 and 23)	-	35,788	-	-	35,788	-
Capital lease obligations (Notes 1 and 2)	1,530	-	-	-	1,530	23,368
Bonds payable (Note 14)	119,360	-	730	-	120,090	-
Estimated claims liabilities (Notes 14 and 17)	-	-	-	-	-	108,197
OPEB obligation, net (Note 14 and 22)	-	126	-	-	126	-
Other long-term liabilities (Note 14)	-	-	6,795	-	6,795	-
Total noncurrent liabilities	218,860	92,738	9,021	71	320,690	141,474
Total liabilities	437,798	98,140	27,409	3,260	566,607	222,841
DEFERRED INFLOWS OF RESOURCES:						
Service concession arrangement (Note 9 and 15)	-	7,962	-	-	7,962	-
Other deferred inflows (Note 15)	-	-	722	-	722	-
Total deferred inflows of resources	-	7,962	722	-	8,684	-
NET POSITION:						
Net investment in capital assets	53,946	86,661	7,173	26	147,806	19,676
Restricted for debt service	47,136	-	-	-	47,136	-
Restricted for health and sanitation	-	13,287	-	-	13,287	-
Restricted other	13,413	-	23,068	-	36,481	-
Unrestricted	(120,178)	50,117	120,001	2,517	52,457	22,573
Total net position	\$ (5,683)	\$ 150,065	\$ 150,242	\$ 2,543	297,167	\$ 42,249
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds						(80,360)
Net position of business-type activities						\$ 216,807

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, 2014
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental
	Regional Medical Center	Waste Management	Housing Authority	Other	Total	Internal Service Funds
OPERATING REVENUES:						
Net patient revenue (Notes 1 and 18)	\$351,259	\$ -	\$ -	\$ -	\$ 351,259	\$ -
Charges for services	14,553	67,071	1,628	1,871	85,123	228,756
Other revenue	34,818	1,537	82,987	242	119,584	42,757
Total operating revenues	400,630	68,608	84,615	2,113	555,966	271,513
OPERATING EXPENSES:						
Cost of material used	-	175	-	-	175	1,808
Personnel services	258,326	15,751	10,661	984	285,722	93,402
Communications	2,429	291	7	-	2,727	1,924
Insurance	5,013	226	244	1	5,484	9,004
Maintenance of building and equipment	13,306	1,633	11,054	66	26,059	22,515
Insurance claims	-	-	-	-	-	117,210
Supplies	67,848	1,926	4	18	69,796	36,764
Purchased services	86,396	1,465	1,256	937	90,054	22,108
Depreciation and amortization	9,947	5,150	1,425	10	16,532	15,286
Rents and leases of equipment	4,254	8,512	17	7	12,790	55,775
Public assistance	-	4	69,706	-	69,710	-
Utilities	3,975	281	565	111	4,932	2,636
Other	11,032	26,139	118	54	37,343	5,636
Total operating expenses	462,526	61,553	95,057	2,188	621,324	384,068
Operating income (loss)	(61,896)	7,055	(10,442)	(75)	(65,358)	(112,555)
NONOPERATING REVENUES (EXPENSES):						
Investment income (loss)	(139)	855	562	41	1,319	1,130
Interest expense	(10,787)	-	(134)	-	(10,921)	(885)
Gain (loss) on disposal of capital assets	19	135	-	-	154	208
Other nonoperating revenues / (expenses)	-	-	-	-	-	(2)
Special items, net loss	-	-	(9,698)	-	(9,698)	-
Total nonoperating revenues (expenses)	(10,907)	990	(9,270)	41	(19,146)	451
Income (loss) before capital contributions and transfers	(72,803)	8,045	(19,712)	(34)	(84,504)	(112,104)
Capital contributions	450	-	475	-	925	82,208
Transfers in	15,001	-	-	41	15,042	6,214
Transfers out	(4,934)	(256)	(192)	(15)	(5,397)	(11,295)
CHANGE IN NET POSITION	(62,286)	7,789	(19,429)	(8)	(73,934)	(34,977)
Net position, beginning of the year	56,603	142,276	169,671	2,551	371,101	77,226
NET POSITION, END OF YEAR	\$ (5,683)	\$ 150,065	\$ 150,242	\$ 2,543	297,167	\$ 42,249

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds (11,051)

Change in net position of business-type activities \$ (84,985)

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, 2014
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental
	Regional Medical Center	Waste Management	Housing Authority	Other	Total	Internal Service Funds
Cash flows from operating activities						
Cash receipts from customers / other funds	\$ 407,589	\$ 73,052	\$ 84,452	\$ 2,168	\$ 567,261	\$ 270,781
Cash paid to suppliers for goods and services	(157,724)	(40,662)	(83,073)	(1,123)	(282,582)	(268,775)
Cash paid to employees for services	(258,281)	(15,072)	(10,323)	(983)	(284,659)	(88,935)
Net cash provided by (used in) operating activities	(8,416)	17,318	(8,944)	62	20	(86,929)
Cash flows from noncapital financing activities						
Advances from other funds	25,856	-	-	-	25,856	2,500
Advances to other funds	-	(30,856)	-	-	(30,856)	-
Transfers received	15,001	(256)	-	41	14,786	6,214
Transfers paid	(4,934)	-	(192)	(15)	(5,141)	(11,295)
Net cash provided by (used in) noncapital financing activities	35,923	(31,112)	(192)	26	4,645	(2,581)
Cash flows from capital and related financing activities						
Proceeds on disposal of capital assets	19	135	(5,069)	-	(4,915)	(1,594)
Acquisition and construction of capital assets	(15,045)	(16,596)	475	(8)	(31,174)	(32,162)
Principal paid on capital leases	(3,369)	-	885	-	(2,484)	17,784
Premium contributions	450	-	-	-	450	82,208
Acquisition on bonds payable	(10,624)	-	(1,030)	-	(11,654)	-
Interest paid on long-term debt	(11,307)	-	(66)	-	(11,373)	(885)
Net cash provided by (used in) capital and related financing activities	(39,876)	(16,461)	(4,805)	(8)	(61,150)	65,351
Cash flows from investing activities						
Advances to other funds	-	(24,000)	-	-	(24,000)	(2,000)
Proceeds of assets from RDA dissolution			4,744		4,744	-
Interest received on investments	(139)	890	562	40	1,353	1,152
Net cash provided by investing activities	(139)	(23,110)	5,306	40	(17,903)	(848)
Net increase (decrease) in cash and cash equivalents	(12,508)	(53,365)	(8,635)	120	(74,388)	(25,007)
Cash and cash equivalents, beginning of year	32,167	162,962	57,487	5,376	257,992	228,774
Cash and cash equivalents, end of year	\$ 19,659	\$ 109,597	\$ 48,852	\$ 5,496	\$ 183,604	\$ 203,767

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, 2014
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental
	Regional Medical Center	Waste Management	Housing Authority	Other	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash						
Operating income (loss)	\$ (61,896)	\$ 7,055	\$ (10,442)	\$ (75)	\$ (65,358)	\$ (112,555)
Adjustments to reconcile operating income (loss) to net cash						
Depreciation and amortization	9,947	5,150	1,425	10	16,532	15,286
Decrease (Increase) accounts receivable	(2,139)	(745)	25	52	(2,807)	(609)
Decrease (Increase) taxes receivable	-	-	-	16	16	-
Decrease (Increase) bond issuance cost	-	-	-	-	-	-
Decrease (Increase) due from other funds	9,050	-	-	(1)	9,049	32
Decrease (Increase) due from other governments	48	5,189	(188)	(12)	5,037	(155)
Decrease (Increase) inventories	1,478	(20)	-	-	1,458	618
Decrease (Increase) prepaid items and deposits	2,481	-	4	-	2,485	(70)
Increase (Decrease) accounts payable	6,288	(262)	(126)	101	6,001	(7,512)
Increase (Decrease) due to other funds	318	-	-	(9)	309	547
Increase (Decrease) due to other governments	24,179	3	(847)	-	23,335	2
Increase (Decrease) deposits payable	-	-	-	3	3	-
Increase (Decrease) accreted interest payable	62,781	-	-	-	62,781	-
Increase (Decrease) accrued closure costs	-	1,345	-	-	1,345	-
Increase (Decrease) accrued remediation costs	-	(721)	-	-	(721)	-
Increase (Decrease) other liabilities	(60,996)	79	867	(24)	(60,074)	1,480
Increase (Decrease) estimated claims liability	-	-	-	-	-	11,540
Increase (Decrease) deferred inflows of resources	-	(434)	-	-	(434)	-
Increase (Decrease) salaries and benefits payable	365	143	-	5	513	1,528
Increase (Decrease) compensated absences	(320)	89	338	(4)	103	2,939
Decrease (Increase) pension assets, net	-	447	-	-	447	-
Net cash provided (used) by operating activities	\$ (8,416)	\$ 17,318	\$ (8,944)	\$ 62	\$ 20	\$ (86,929)
Noncash investing, capital, and financing activities:						
Capital lease obligations	\$ 681				\$ 681	\$ 27,193

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, 2014
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust	Agency Funds
ASSETS:				
Cash and investments (Note 4)	\$ -	\$ -	\$ 120,662	\$ 294,179
Federal agency	18,640	1,822,868	-	-
Cash and equivalent	3,833	374,815	-	-
Commercial paper	5,188	507,400	-	-
Negotiable CDs	520	50,909	-	-
Repos	976	95,454	-	-
Municipal bonds	460	44,985	-	-
Bond - U.S. Treasury	1,856	181,472	-	-
Local agency obligation	4	270	-	-
Accounts receivable	120	13,499	916	386
Interest receivable	-	1,318	33	28
Taxes receivable	-	23	-	32,953
Due from other governments	-	-	21,251	426
Land held for sale	-	-	30,974	-
Total assets	<u>31,597</u>	<u>3,093,013</u>	<u>173,836</u>	<u>327,972</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	-	-	5,116	-
LIABILITIES:				
Accounts payable	-	-	15,114	185,508
Salaries and benefits payable	-	-	-	6
Due to other governments	-	-	3	142,458
Note payable	-	-	773,625	-
Interest payable	-	-	9,612	-
Accreted interest payable	-	-	5,847	-
Other long-term liabilities	-	-	3,659	-
Total liabilities	<u>-</u>	<u>-</u>	<u>807,860</u>	<u>\$ 327,972</u>
NET POSITION:				
Held in trust for pension benefits, external pool participants, and other purposes	<u>\$ 31,597</u>	<u>\$ 3,093,013</u>	<u>\$ (628,908)</u>	

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, 2014
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust
ADDITIONS:			
Employer contributions	\$ 968	\$ -	\$ -
Employee contributions	1,390	-	-
Contributions to pooled investments	-	22,335,115	-
Contributions to private-purpose trust	-	-	57,928
Investment income	2,866	-	502
Total additions	<u>5,224</u>	<u>22,335,115</u>	<u>58,430</u>
DEDUCTIONS:			
Distributions from pooled investments	-	22,389,973	-
Distributions from private-purpose trust	-	-	76,946
Administrative and other expenses	7	-	-
Total deductions	<u>7</u>	<u>22,389,973</u>	<u>76,946</u>
Change in net position	5,217	(54,858)	(18,516)
Net position held in trust, beginning of the year	26,380	3,147,871	(610,392)
Net position held in trust, end of the year	<u>\$ 31,597</u>	<u>\$ 3,093,013</u>	<u>\$ (628,908)</u>

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements
June 30, 2014

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 generally accepted accounting principles, 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 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. 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 body 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 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. 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 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 Public Financing Authority is reported as a governmental fund type.

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 District Corporation is reported as a governmental fund type.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

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 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. 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. 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 of Riverside 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 Authority is reported as a governmental fund type.

Discretely Presented Component Units

Riverside County Children and Families Commission (the Commission) The Riverside County Board of Supervisors 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 of Supervisors. The Commission includes one member of the County Board of Supervisors. 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 body is not substantially the same as the County's governing body 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 of Riverside 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).

The PDFA's Commission is the governing body of the PDFA, which consists of the County Executive Officer, one member of the County Board of Supervisors, the Executive Director of the Agency and a member of the Agency's Board. It is discretely presented because its governing body is not substantially the same as the County's governing body.

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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of Supervisors, 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, 34.98% or \$15.2 million, of the County's \$43.5 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 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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 Management department (Waste Management) 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 Management 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.

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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

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, 2014, 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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Cash and Investments (Continued)

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 76.9% of the funds on deposit in the County treasury. In addition, the Auditor-Controller determined districts and agencies constituting approximately 23.1% 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 contractals are \$217.6 million and \$801.8 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 XIII A of the California State Constitution and statutory provisions. The total for fiscal year 2013-14 gross assessed valuation of the County was \$213.2 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.

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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Property Taxes (Continued)

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 2013-14, \$31.0 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 appropriate 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 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, 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.

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Capital Assets (Continued)

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 Management 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, 2014, the amount of accrued vacation, holiday pay, and sick leave reported in the government-wide statement of net position was \$218.8 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 the 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.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63 and GASB Statement No. 65, the County recognizes deferred outflows 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 of resources the County has recognized.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

Landfill Closure and Post-Closure Care Costs

Waste Management 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 Management also recognizes as expense closure and post-closure care costs for inactive landfills that have been closed under state and federal regulations.

Waste Management, under state and federal regulations, may be required to perform corrective action for contaminate releases at any of its active or inactive landfills. Waste Management provides 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 Management 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 “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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net Positions (Continued)

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.

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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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 \$53.9 million, which is 29.0% 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. 66

In March of 2012, GASB issued Statement No. 66, *Technical Correction – 2012 – an amendment of GASB Statement No. 10 and No. 62*. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standard Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements*. GASB Statement No. 66 amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provisions that limits fund based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, it will cause governments to base their decisions about fund type classification on the nature of the activity to be reported. GASB Statement No.66 also amends GASB Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. GASB Statement No. 66 is effective for periods beginning after December 15, 2012.

GASB Statement No. 67

In June of 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans- an amendment of GASB Statement No. 25*. The objective of this statement is to improve financial reporting by state and local governmental pension plans. 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. 67 amends the

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Current Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 67 (Continued)

requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. GASB Statement No. 67 is effective for periods beginning after June 15, 2013.

GASB Statement No. 70

In October of 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Non-Exchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. This statement requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. GASB Statement No. 70 is effective for periods beginning after June 15, 2013. The County has elected not to early implement this statement.

Future 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 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. The County has elected not to early implement this statement.

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. The County has elected not to early implement this statement.

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. The County has elected not to early implement this statement.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

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 the 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 generally accepted accounting principles. 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, Bankruptcy Court, Inland Empire Tobacco Securitization 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.

Excess of expenditures over appropriations

For the year ended June 30, 2014, expenditures exceeded appropriations in capital outlay by \$3.0 million in the general fund. This excess of expenditures resulted from the acquisition of \$3.0 million of capital leases. Accordingly, this is being funded by other financing sources-capital leases.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

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, 2014 is as follows (In thousands):

Government-wide:

Description	Primary Government	
	Governmental Activities	Business-type Activities
Government-wide net position as of June 30, 2013, as previously reported	\$ 4,321,196	\$ 301,792
Fund financial statements:		
Prior period adjustments:		
Accrued developer mitigation fees and capital grant	(1,767)	-
Advance from third party	(1,329)	-
Net position as of June 30, 2013, as restated	<u>\$ 4,318,100</u>	<u>\$ 301,792</u>

Fund Financials:

Description	Governmental Funds		
	Major	Nonmajor Fund	
	Transportation Special Revenue	Regional Park and Open-Space Special Revenue	Regional Park and Open-Space Capital Projects
Fund balances as of June 30, 2013, as previously reported	\$ 94,302	\$ 9,156	\$ 8,843
Prior period adjustments:			
Accrued developer mitigation fees and grant (1)	(1,663)	-	(104)
Reclassified fund balances for expenditures not properly recorded (2)	-	2,167	(2,167)
Advance from third party (3)	(1,329)	-	-
Fund balances as of June 30, 2013, as restated	<u>\$ 91,310</u>	<u>\$ 11,323</u>	<u>\$ 6,572</u>

- (1) A prior period adjustment of \$1.8 million was made to decrease the governmental activities' beginning net position. The adjustment was made due to prior year accrued developer mitigation fees for road projects were uncollectible.
- (2) A prior period adjustment of \$2.2 million was made to restate the beginning balance of special revenue and capital projects fund by reimbursing special revenue fund for expenditures erroneously recorded for several capital improvement projects which resulted in net to zero.
- (3) A prior period adjustment of \$1.3 million was made to decrease the governmental activities' beginning net position. The adjustment was made due to prior year advance received from third party that was incorrectly recorded as revenue before the eligibility requirements have been met.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 4 – CASH AND INVESTMENTS

As of June 30, 2014, 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	\$ 1,015,240	\$ 29,814	\$ 42,039	\$ 3,524,491	\$ 4,611,584
Restricted cash and investments	503,422	153,790	11,410	-	668,622
Total cash and investments	<u>\$ 1,518,662</u>	<u>\$ 183,604</u>	<u>\$ 53,449</u>	<u>\$ 3,524,491</u>	<u>\$ 5,280,206</u>

As of June 30, 2014, cash and investments consist of the following (In thousands):

Deposits	\$ 180,985
Investments	<u>5,099,221</u>
Total cash and investments	<u>\$ 5,280,206</u>

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% *
CaITRUST 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 a 2% maximum in one issuer is allowed only for State of California debt.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 4 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the County's Investment Policy (Continued)

As of June 30, 2014, 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, 2014	% of Portfolio
County treasurer investments							
Federal home loan bank	\$ 1,043,020	0.075 - 1.800%	08/14 - 06/19	2.43	N/A	AA+/Aaa	21.56%
Federal national mortgage association	837,666	0.065 - 1.650%	10/14 - 01/19	2.72	N/A	AA+/Aaa	17.32%
Federal home loan mortgage corp.	276,665	0.081 - 1.625%	09/14 - 03/19	3.00	N/A	AA+/Aaa	5.72%
US treasuries	285,173	0.250 - 0.750%	10/14 - 08/17	0.63	N/A	AA+/Aaa	5.90%
Federal farm credit bonds	417,036	0.130 - 0.680%	08/14 - 12/16	0.78	N/A	AA+/Aaa	8.62%
Negotiable certificate of deposits	80,000	0.130 - 0.150%	07/14 - 09/14	0.15	A1/P1	AA-/Aa1	1.65%
Commercial paper	797,349	0.070 - 0.150%	07/14 - 10/14	0.12	A1/P1	AA+/Aa1	16.48%
Wells fargo repo	150,000	0.100%	07/14	0.00	A1/P1	N/R	3.10%
UB Managed Rate	150,000	0.079%	07/14	0.00	N/A	N/R	3.10%
Money market mutual funds (3)	385,000	0.019 - 0.067%	07/14	0.00	AAA/Aaa	AAA/Aaa	7.96%
Municipal bonds	70,691	0.200 - 0.540%	10/14 - 05/16	0.82	AA- ⁽²⁾	AA+/Aa1	1.46%
Farmer mac	290,145	0.080 - 1.650%	08/14 - 06/19	0.99	N/A	N/R	6.00%
Caltrust short term fund	54,000	0.403%	07/14	0.00	N/A	AAA/Aaa	1.12%
Local agency obligations	425	0.472%	06/20	5.96	N/A	N/R	0.01%
Total county treasurer investments	<u>4,837,170</u>						<u>100.00%</u>
Investments outside the county treasury							
Blended component unit investments							
Money market mutual funds (3)	79,044	0.010 - 0.420%	07/14	0.00	AAA/Aaa	AAA/Aaa	31.54%
Investment agreements	119,219	2.385 - 4.460%	12/14 - 11/36	5.47	AA-/Aa2	AA+/A1	47.57%
Commercial paper	6,995	0.207%	10/14	0.00	AA-/Aa2	AA+/A1	2.79%
Money market mutual funds (4)	39,677	0.000%	N/A	0.00	N/A	N/R	15.83%
Local agency investment funds	5,706	0.000%	N/A	0.00	N/A	N/R	2.27%
Total blended component units	<u>250,641</u>						<u>100.00%</u>
Discretely presented component units							
Palm desert financing authority							
Money market mutual funds (3)	11,410	0.000%	N/A	0.45	AAA	AAA	100.00%
Total discretely presented component units	<u>11,410</u>						<u>100.00%</u>
Total investments	<u>\$ 5,099,221</u>						

(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 of Riverside is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The 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 2014, CORAL has \$2.5 million, Housing Authority has \$2.5 million and Regional Medical Center has \$0.7 million in LAIF.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

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. Neither the California Government Code nor the County's investment policy contain legal or policy requirements that would limit the County's exposure to custodial credit risk for deposits or investments except for the following provision for deposits: 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 \$303.0 million. Investment securities are registered and held in the name of Riverside 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 61.

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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 5 – RESTRICTED CASH AND INVESTMENTS

The amount of assets restricted by legal and contractual requirements at June 30, 2014 is as follows (In thousands):

General Fund	
Restricted program money	\$ 350,158
Total general fund	<u>350,158</u>
Flood Control	
Restricted program money	1,916
Total Flood Control	<u>1,916</u>
Teeter Debt Service	
Teeter commercial paper notes	57,482
Total teeter debt service	<u>57,482</u>
Other Governmental Funds	
1985 Certificates	18,418
1990 Monterey Avenue	131
2003 A Historic Courthouse	477
2005 A Capital Improvement Family Law	3,523
2005 B Historic Refunding	2,881
2006 A Capital Improvements	2,186
2007 A Public Safety & Refunding	5,824
2008 A Southwest Justice Center	1,462
2009 Larson Justice Center	2,724
2009 Public Safety & Woodcrest Lib Refunding	624
2012 CAC Annex	2,541
2013A PD/ Probation and Technology	21,355
2014 A/B Court Facilities Projects	2,086
Bankruptcy Court	7,495
District court Financing Corporation	1,175
Inland Empire Tobacco Securitization Authority	19,573
Public Financing Authority	1,391
Total other governmental funds	<u>93,866</u>
Regional Medical Center	
Hospital bonds	46,466
Restricted program money	14,077
Total Regional Medical Center	<u>60,543</u>
Waste Management	
Remediation costs	28,139
Closure and post-closure care costs	29,200
Customer deposits	445
Deferred revenue	8,562
Deposit payable	38
Total Waste Management	<u>66,384</u>
Housing Authority	
Housing authority bond	23,983
Total Housing Authority	<u>23,983</u>
Other Enterprise Funds	
Restricted program money - Flood	2,880
Total other enterprise funds	<u>2,880</u>
Discretely Presented Component Unit	
Palm Desert Financing Authority	11,410
Total discretely presented component unit	<u>11,410</u>
Total restricted cash and investments	<u>\$ 668,622</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

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	Total					
	Accounts	Interest	Taxes	Loans	Due From Other Govts	Governmental Activities
Governmental activities:						
General fund	\$ 11,281	\$ 650	\$ 9,849	\$ -	\$ 333,728	\$ 355,508
Transportation	941	38	11	-	16,667	17,657
Flood Control	522	117	1,046	-	106	1,791
Teeter debt service	-	11	70,659	-	-	70,670
Public facilities improvements	-	61	-	-	287	348
Nonmajor governmental funds	1,760	121	1,340	-	12,054	15,275
Internal service funds	3,801	81	-	1,800	702	6,384
Total receivables	<u>\$ 18,305</u>	<u>\$ 1,079</u>	<u>\$ 82,905</u>	<u>\$ 1,800</u>	<u>\$ 363,544</u>	<u>\$ 467,633</u>

Receivables	Allowance for Business-type					
	Accounts	Interest	Taxes	Loans	Due From Other Govts	uncollectibles
Business-type activities:						
Regional Medical Center	\$ 1,077,968	\$ -	\$ -	\$ -	\$ 112,991	\$ (1,019,418)
Waste Management	4,468	48	-	-	63	-
Housing Authority	267	-	-	73,981	2,352	(112)
Nonmajor funds	251	5	12	-	12	-
Total receivables	<u>\$ 1,082,954</u>	<u>\$ 53</u>	<u>\$ 12</u>	<u>\$ 73,981</u>	<u>\$ 115,418</u>	<u>\$ (1,019,530)</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 7 – INTERFUND TRANSACTIONS

(a) Interfund Receivables/ Payables

The composition of interfund balances as of June 30, 2014 is as follows (In thousands):

Payable Fund	Receivable Fund			
	General Fund	Transportation	Flood Control	Teeter Debt Service
General Fund				
Delinquent property tax	\$ -	\$ -	\$ -	\$ 35
Interfund activity	1	208	-	-
Total general fund	-	-	-	-
Transportation				
Interfund activity	236	-	-	-
Total transportation	-	-	-	-
Flood Control				
Interfund activity	-	-	-	-
Total Flood Control	-	-	-	-
Teeter Debt Service				
Delinquent property tax	250	-	-	-
Interfund activity	8,475	-	-	-
Total teeter debt service	-	-	-	-
Other Governmental Funds				
Interfund activity	985	-	-	-
Total other governmental funds	-	-	-	-
Regional Medical Center				
Law enforcement	624	-	-	-
Total Regional Medical Center	-	-	-	-
Other Enterprise Funds				
Interfund activity	-	-	2	-
Total other enterprise funds	-	-	-	-
Internal Service Funds				
Interfund activity	586	-	11	-
Total internal service funds	-	-	-	-
Total receivable	\$ 11,157	\$ 208	\$ 13	\$ 35

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 \$2.5 million to RCIT for technology initiative costs.

Workers compensation fund advanced \$2.0 million to public facilities capital project improvement fund for East County Detention Center.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

(a) Interfund Receivables/ Payables (Continued)

Payable Fund	Receivable Fund			
	Other Governmental Funds	Other Enterprise Funds	Internal Service Funds	Total Payable
General Fund				
Delinquent property tax	\$ -	\$ -	\$ -	\$ 35
Interfund activity	-	-	4	213
Total general fund	-	-	-	248
Transportation				
Interfund activity	-	2	-	238
Total transportation	-	-	-	238
Flood Control				
Interfund activity	-	-	59	59
Total Flood Control	-	-	-	59
Teeter Debt Service				
Delinquent property tax	-	-	-	250
Interfund activity	-	-	-	8,475
Total teeter debt service	-	-	-	8,725
Other Governmental Funds				
Interfund activity	-	-	-	985
Total other governmental funds	-	-	-	985
Regional Medical Center				
Law enforcement	-	-	-	624
Total Regional Medical Center	-	-	-	624
Other Enterprise Funds				
Interfund activity	-	1	-	3
Total other enterprise funds	-	-	-	3
Internal Service Funds				
Interfund activity	-	-	17	614
Total internal service funds	-	-	-	614
Total receivable	\$ 2	\$ 1	\$ 80	\$ 11,496

Advances to/from other funds (Continued):

Waste Management advance \$24.0 million to public facilities capital project improvement fund for East County Detention Center.

Waste Management advanced \$25.9 million to RMC for Huron Consulting Services.

Waste Management advanced \$5.0 million to general fund to assist with the acquisition of property for Western Riverside County Regional Conservation Authority

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

Transfers

(b) Between Funds within the Governmental Activities:¹

Transfer Out	Transfers In				
	General Fund	Transportation	Flood Control	Teeter Debt Service	Public Facilities Improvements Capital Projects
General Fund					
Capital projects	\$ -	\$ -	\$ -	\$ -	\$ 4,799
Debt service	-	-	-	696	-
Operating contribution	-	-	-	-	-
Pension obligation	-	-	-	-	-
Reimbursement	-	2,421	-	-	-
Total general fund	-	-	-	-	-
Transportation					
Capital projects	-	-	-	-	1,285
Pension obligation	-	-	-	-	-
Reimbursement	2,775	-	-	-	-
Total transportation	-	-	-	-	-
Flood Control					
Operating contribution	-	-	-	-	-
Reimbursement	-	-	-	-	-
Total Flood Control	-	-	-	-	-
Teeter Debt Service					
Reimbursement	333	-	-	-	-
Total teeter debt service	-	-	-	-	-
Public Facilities Improvements Capital Projects					
Capital projects	29,908	10,380	-	-	-
Reimbursement	3,227	-	-	-	-
Total public facilities imprv cap prog	-	-	-	-	-
Other Governmental Funds					
Capital projects	-	41	-	-	172
Debt service	-	-	-	-	-
Fire	47,453	-	-	-	-
Pension obligation	166	-	-	-	-
Reimbursement	10,656	1,766	-	-	-
Total other governmental funds	-	-	-	-	-
Regional Medical Center					
Pension obligation	-	-	-	-	-
Total Regional Medical Center	-	-	-	-	-
Waste Management					
Pension obligation	-	-	-	-	-
Total Waste Management	-	-	-	-	-
Housing Authority					
Pension obligation	-	-	-	-	-
Total Housing Authority	-	-	-	-	-
Other Enterprise Funds					
Reimbursement	-	-	-	-	-
Total other enterprise funds	-	-	-	-	-
Internal Service Funds					
Business services	-	-	-	-	-
Pension obligation	-	-	-	-	-
Reimbursement	499	-	2,932	-	-
Total internal service funds	-	-	-	-	-
Total transfers in	\$ 95,017	\$ 14,608	\$ 2,932	\$ 696	\$ 6,256

1) These transfers were eliminated in the consolidation, by column, for the Governmental and Business-type Activities.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

Transfers (Continued)

(b) Between Governmental and Business-type Activities:

Transfer Out	Transfers In				Total Transfers Out
	Other Governmental Funds	Regional Medical Center	Other Enterprise Funds	Internal Service Funds	
General Fund					
Capital projects	\$ 7,930	\$ -	\$ -	\$ -	\$ 12,729
Debt service	43,438	-	-	-	44,134
Operating contribution	-	10,000	-	-	10,000
Pension obligation	23,863	-	-	-	23,863
Reimbursement	7,771	1	-	102	10,295
Total general fund	-	-	-	-	101,021
Transportation					
Capital projects	-	-	-	-	1,285
Pension obligation	-	922	-	-	922
Reimbursement	2,775	39	-	-	2,814
Total transportation	-	-	-	-	5,021
Flood Control					
Operating contribution	-	1	-	-	1
Reimbursement	-	900	-	146	1,046
Total Flood Control	-	-	-	-	1,047
Teeter Debt Service					
Reimbursement	333	-	-	-	333
Total teeter debt service	-	-	-	-	333
Public Facilities Improvements Capital Projects					
Capital projects	29,908	10,380	-	-	47,347
Reimbursement	3,227	-	-	1	3,230
Total public facilities imprv cap prog	-	-	-	-	50,577
Other Governmental Funds					
Capital projects	-	-	-	-	213
Debt service	25,216	-	-	-	25,216
Fire	47,453	-	-	-	47,453
Pension obligation	166	-	-	-	783
Reimbursement	10,656	1,766	-	-	21,348
Total other governmental funds	-	-	-	-	95,013
Regional Medical Center					
Pension obligation	-	4,934	-	-	4,934
Total Regional Medical Center	-	-	-	-	4,934
Waste Management					
Pension obligation	-	256	-	-	256
Total Waste Management	-	-	-	-	256
Housing Authority					
Pension obligation	-	192	-	-	192
Total Housing Authority	-	-	-	-	192
Other Enterprise Funds					
Reimbursement	-	-	-	15	15
Total other enterprise funds	-	-	-	-	15
Internal Service Funds					
Business services	-	-	-	5,965	5,965
Pension obligation	-	1,873	-	-	1,873
Reimbursement	-	-	26	-	3,457
Total internal service funds	-	-	-	-	11,295
Total transfers in	\$ 128,939	\$ 15,001	\$ 41	\$ 6,214	\$ 269,704

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows (In thousands):

	Balance July 1, 2013	Prior Period Adjustments	Additions	Retirements	Transfers	Balance June 30, 2014
Governmental activities:						
<i>Capital assets, not being depreciated:</i>						
Land & easements	\$ 469,522	\$ -	\$ 39,108	\$ (641)	\$ -	\$ 507,989
Construction in progress	815,227	-	171,771	-	(111,467)	875,531
Total capital assets, not being depreciated	1,284,749	-	210,879	(641)	(111,467)	1,383,520
<i>Capital assets, being depreciated:</i>						
Infrastructure						
Flood channels	259,922	-	-	-	-	259,922
Flood storm drains	388,658	-	8,219	-	1,082	397,959
Flood dams and basins	31,215	-	-	-	2,753	33,968
Roads	1,631,202	-	43,833	-	-	1,675,035
Traffic signals	18,973	-	-	-	-	18,973
Bridges	105,200	-	300	-	-	105,500
Runways	22,148	-	-	-	2,031	24,179
Communication towers	-	-	-	-	16,146	16,146
Parks trails and improvements	12,285	-	-	-	2	12,287
Land improvements	110	-	-	-	-	110
Structures and improvements	1,470,922	-	29,635	(4,041)	32,518	1,529,034
Equipment	412,980	-	56,707	(21,214)	57,014	505,487
Total capital assets, being depreciated	4,353,615	-	138,694	(25,255)	111,546	4,578,600
<i>Less accumulated depreciation for:</i>						
Infrastructure	(1,054,516)	-	(70,438)	-	-	(1,124,954)
Land improvements	(23)	-	(1)	-	-	(24)
Structures and improvements	(367,608)	-	(33,136)	1,362	-	(399,382)
Equipment	(302,825)	-	(30,559)	20,098	(79)	(313,365)
Total accumulated depreciation	(1,724,972)	-	(134,134)	21,460	(79)	(1,837,725)
Total capital assets, being depreciated, net	2,628,643	-	4,560	(3,795)	111,467	2,740,875
Governmental activities capital assets, net	\$ 3,913,392	\$ -	\$ 215,439	\$ (4,436)	\$ -	\$ 4,124,395

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 8 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2014 was as follows (In thousands):

	Balance July 1, 2013	Prior Period Adjustments	Additions	Retirements	Transfers	Balance June 30, 2014
Business-type activities:						
<i>Capital assets, not being depreciated:</i>						
Land & easements	\$ 21,358	\$ -	\$ 4,419	\$ -	\$ -	\$ 25,777
Construction in progress	65,006	-	28,482	(1,505)	(39,455)	52,528
Concession arrangements	8,830	-	-	-	-	8,830
Total capital assets, not being depreciated	95,194	-	32,901	(1,505)	(39,455)	87,135
<i>Capital assets, being depreciated:</i>						
Land improvements	11,662	-	-	-	-	11,662
Infrastructure-landfill liners	55,226	-	-	-	11,824	67,050
Infrastructure-other	23,501	-	66	-	1,065	24,632
Structures and improvements	219,914	-	1,024	-	2,732	223,670
Equipment	80,401	425	4,382	(1,792)	23,755	107,171
Total capital assets, being depreciated	390,704	425	5,472	(1,792)	39,376	434,185
<i>Less accumulated depreciation for:</i>						
Land improvements	(8,582)	-	(582)	-	-	(9,164)
Infrastructure-landfill liners	(26,653)	-	(2,735)	-	-	(29,388)
Infrastructure-other	(8,230)	-	(1,128)	-	-	(9,358)
Structures and improvements	(98,858)	-	(6,020)	-	-	(104,878)
Equipment	(68,283)	(425)	(6,067)	1,642	79	(73,054)
Total accumulated depreciation	(210,606)	(425)	(16,532)	1,642	79	(225,842)
Total capital assets, being depreciated, net	180,098	-	(11,060)	(150)	39,455	208,343
Business-type activities capital assets, net	\$ 275,292	\$ -	\$ 21,841	\$ (1,655)	\$ -	\$ 295,478
Depreciation						
Depreciation expense was charged to governmental functions as follows (In thousands):						
General government				\$ 32,088		
Public protection				16,648		
Health and sanitation				1,376		
Public assistance				973		
Public ways and facilities				63,238		
Recreation and culture				1,107		
Education				3,418		
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				15,286		
Total depreciation expense – governmental functions				\$ 134,134		

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 8 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the business-type functions as follows (In thousands):

Regional Medical Center	\$	9,947
Waste Management		5,150
Housing Authority		1,425
County Service Areas		3
Flood Control		7
Total depreciation expense – business-type functions	<u>\$</u>	<u>16,532</u>

Capital Leases

Leased property under capital leases by major class (In thousands):

	<u>Governmental</u>	<u>Business-type</u>
Land	\$ 2,223	\$ -
Structures and improvements	88,506	-
Equipment	79,608	12,503
Less: Accumulated amortization	<u>(54,052)</u>	<u>(9,573)</u>
Total leased property, net	<u>\$ 116,285</u>	<u>\$ 2,930</u>

Discretely Presented Component Unit

Activity for the Riverside County Children and Families Commission for the year ended June 30, 2014 was as follows (In thousands):

	<u>Balance</u>		<u>Balance</u>	
	<u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2014</u>
Capital assets, not being depreciated:				
Land	\$ -	\$ 373	\$ -	\$ 373
Construction in progress	-	19	-	19
Total capital assets, not being depreciated	<u>-</u>	<u>392</u>	<u>-</u>	<u>392</u>
Capital assets, being depreciated				
Building and improvements	-	1,868	-	1,868
Machinery and equipment	44	11	-	55
Total capital assets, being depreciated	<u>44</u>	<u>1,879</u>	<u>-</u>	<u>1,923</u>
Less accumulated depreciation for:				
Building and improvements	-	(7)	-	(7)
Machinery and equipment	(44)	(2)	-	(46)
Total accumulated depreciation	<u>(44)</u>	<u>(9)</u>	<u>-</u>	<u>(53)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>1,870</u>	<u>-</u>	<u>1,870</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ 2,262</u>	<u>\$ -</u>	<u>\$ 2,262</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

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 Number 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 of Riverside 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.

Edom Hill Transfer Station

On November 2, 2002, the Waste Management Department 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 9 – SERVICE CONCESSION ARRANGEMENTS (SCA) (continued)

A summary of the important details and capital assets pertaining to this SCA can be found 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	43 years	6/30/2044 Greater of \$300 or 7.0% of gross receipts earned from operation of the RV park.	-
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 year ended June 30, 2014 and over the term of the agreement are as follows: (In thousands)

	Structures & Structure Improvements
McIntyre Park Campground	\$ 52
Riviera RV Resort	131
Edom Hill Transfer Station	8,830
	<u>\$ 9,013</u>

The deferred inflows of resources activity for the SCA for the year ended June 30, 2014 are as follows: (In thousands)

	Balance July 1, 2013	Additions/ Restatements	Amortization ¹	Balance June 30, 2014
SCA Capital Assets				
McIntyre Park Campground ²	\$ -	\$ -	\$ -	\$ -
Riviera RV Resort ²	-	-	-	-
Edom Hill Transfer Station	8,396	-	(434)	7,962
Total Deferred inflows	<u>\$ 8,396</u>	<u>\$ -</u>	<u>\$ (434)</u>	<u>\$ 7,962</u>

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require Waste Management 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 Management will recognize the remaining estimated cost of \$19.3 million as the remaining estimated capacity of 15.0 million tons is filled. Waste Management expects all currently permitted landfill capacities to be filled by 2087. The total estimate of \$67.4 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.

Cumulative expenses, percentage of landfill capacity used to date, and the estimated remaining landfill life by operating landfill are as follows (In thousands):

Facility Name (City)	Cumulative Expense	Capacity Used as of June 30, 2014 %	Estimated Years Remaining
Anza (Anza)	\$ 1,525	100.0	-
Badlands (Moreno Valley)	12,826	60.7	10
Blythe (Blythe)	8,294	36.7	33
Coachella (Coachella)	3,559	100.0	-
Desert Center (Desert Center)	1,558	69.6	73
Double Butte (Winchester)	2,049	100.0	-
Edom Hill (Cathedral City)	7,798	100.0	-
Highgrove (Riverside)	1,828	100.0	-
Lamb Canyon (Beaumont)	19,136	56.8	7
Mead Valley (Perris)	3,284	100.0	-
Mecca II (Mecca)	3,657	99.4	23
Oasis (Oasis)	1,926	84.7	49
	<u>\$ 67,440</u>		

Waste Management 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.

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 Management 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 Management and the CalRecycle. Waste Management complies with these requirements and investments of \$29.2 million are held for these purposes at June 30, 2014 and are classified as restricted assets in the statement of net position. Waste Management expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

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, 2014 (In thousands):

Year Ending June 30	
2015	\$ 36,558
2016	29,931
2017	25,292
2018	14,127
2019	7,690
2020-2024	15,702
2025-2029	1,305
2030-2034	1,326
2035-2039	1,023
2040-2044	443
Total Minimum Payments	<u>\$ 133,397</u>

Total rental expenditure/expense for the year ended June 30, 2014 was \$109.5 million, of which \$12.8 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, 2014 of advances from grantors and third parties are as follows (In thousands):

	Balance
	<u>June 30, 2014</u>
General Fund:	
Advances on state grants for probation services	\$ 41,581
Advances on state & federal grants for mental health services	131,481
Advances on state grants & other 3rd party advances for public health services	10,835
Advances on state funding for social services	71,035
Advances on state & federal grants for sheriff services	8,240
Advances on state grants & other 3rd party advances for environmental health services	1,982
Advances on state grants for district attorney services	1,925
Advances from flood control and water conservation district for permits	1,095
Advances on candidate statements for registrar of voters	220
Other advances	<u>505</u>
Total general fund	<u>\$ 268,899</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 12 – ADVANCES FROM GRANTORS AND THIRD PARTIES (Continued)

The balance as of June 30, 2014 of advances from grantors and third parties are as follows (In thousands):

Transportation Special Revenue Fund:	
Developer fees	6,224
Senate Bill (SB) 621 Indian gaming	1,028
Advances from developers for median projects	4,144
Survey fees	1,014
Utility relocation	260
Mitigation fees	1,308
Comprehensive transportation plan	17
Plan review and inspection fees	547
Deposit based fees	277
Total transportation special revenue fund	<u>14,819</u>
Flood Special Revenue Fund:	
Advances for flood control projects	545
Total flood special revenue fund	<u>545</u>
Other Governmental Funds:	
Camping and recreation fees	563
Advance from state for community service block grant	290
Advance from state for the employment training panel project	22
Advance from 3rd parties for recreational events	14
Lease revenue from Library Systems & Services Inc.	208
Advance from state for bio-terrorism programs	351
Advances for aviation projects	12
Total other governmental funds	<u>1,460</u>
Grand total of advances from grantors and third parties	<u>\$ 285,723</u>

NOTE 13 – SHORT-TERM DEBT

Tax and Revenue Anticipation Notes (TRANS)

On October 16, 2013, the County issued \$119.8 million of tax exempt TRAN, which will be repaid on October 15, 2014. The notes were issued with a yield rate of 0.20% for Series Bond D and 0.37% for Series Bond E. This was 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.

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 Tax-exempt Commercial Paper Notes (Teeter notes). During fiscal year 2013-14, the County retired \$67.6 million of the \$142.8 million principal amount outstanding at June 30, 2013. The County then issued \$44.3 million of Series E notes, leaving an outstanding balance of \$119.5 million at June 30, 2014.

Short-term debt activity for the year ended June 30, 2014, was as follows (In thousands):

	Balance			Balance
	<u>June 30, 2013</u>	Additions	Reductions	<u>June 30, 2014</u>
Fiscal year 2013-14				
TRANS	\$ -	\$ 119,770	\$ (119,770)	\$ -
Teeter notes	142,840	44,258	(67,636)	119,462
Total	<u>\$ 142,840</u>	<u>\$ 164,028</u>	<u>\$ (187,406)</u>	<u>\$ 119,462</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 14 – LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of capital lease obligations, bonds, notes, and other liabilities which are payable from the general, debt service, enterprise, and internal service funds. The calculated legal debt limit for the County is \$2.6 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, 2014 (In thousands):

Fiscal Year Ending June 30	Palm Desert Financing Authority	Other Governmental Activities	Total Governmental Activities	Business-type Activities
2015	\$ 6,316	\$ 14,790	\$ 21,106	\$ 2,340
2016	6,307	11,711	18,018	868
2017	6,313	6,015	12,328	478
2018	6,310	4,223	10,533	214
2019	6,309	3,549	9,858	55
2020-2024	18,921	4,261	23,182	-
2025-2029	-	493	493	-
Total minimum payments	50,476	45,041	95,517	3,955
Less amount representing interest	(11,053)	(4,642)	(15,695)	(101)
Present value of net minimum lease payments	<u>\$ 39,423</u>	<u>\$ 40,399</u>	<u>\$ 79,822</u>	<u>\$ 3,854</u>

The statement of net position includes the Palm Desert Financing Authority capital lease of \$39.4 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 of Riverside that are outstanding as of June 30, 2014 (In thousands):

Type of Indebtedness	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding at June 30, 2014
Governmental activities:				
Certificate of participations				
CORAL				
1985 Serial Certificates	\$ 169,400	Variable	2015	\$ 28,000
1990 Monterey Avenue: Serial Certificates	8,800	Variable	2020	4,400
2005A - Capital Improvement & Family Law Court Refunding: Serial Certificates	28,495	3.00% - 5.00%	2025	20,165

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Type of Indebtedness	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding at June 30, 2014
Certificate of Participation (Continued)				
2005A - Capital Improvement & Family Law Court Refunding: Term Certificate	\$ 9,905	5.00%	2033	\$ 9,905
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	14,250
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	12,530
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	3,045
2007 Series B - Public Safety Communication and Refunding Projects	37,350	Auction Rate	2021	37,350
2009 Series A - Public Safety Communication and Woodcrest Library Refunding Projects	45,685	Variable	2039	45,345
2009 Larson Justice Center Refunding: Serial Certificates	<u>24,680</u>	2.00%-5.00%	2021	<u>18,800</u>
Total CORAL	<u>468,640</u>			<u>229,080</u>
Court Financing Corporation				
Bankruptcy Courthouse: Acquisition Project Term Certificate	<u>16,120</u>	7.50%	2020	<u>7,290</u>
Total Court Financing Corporation	<u>16,120</u>			<u>7,290</u>
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 1999	17,635	1.93%	2015	1,658
U.S. District Court Project: Term/Series 2002	<u>925</u>	3.00%	2020	<u>400</u>
Total District Court Financing Corporation	<u>20,725</u>			<u>4,223</u>
Total certificate of participations	\$ 505,485			\$ 240,593

Bonds payable

CORAL

2012 CAC Annex Refunding Project	\$ 33,360	2.00%-5.00%	2031	\$ 30,680
2008 A Southwest Justice Center: Term Certificate	78,895	5.16%	2032	78,895
1997 B & C (Hospital): Term Bonds (Series C)	1,733	5.81%	2019	1,733
2013 Probation & RCI: Term Bonds (Series A)	66,015	3.00%-5.25%	2043	66,015
2014 Lease Refunding Court Facilities Project, Series A	10,890	2.00%-5.00%	2033	10,890
2014 Lease Refunding Court Facilities Project, Series B	<u>7,605</u>	.55%-2.73%	2019	<u>7,605</u>
Total CORAL	<u>198,498</u>			<u>195,818</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Type of Indebtedness	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding at June 30, 2014
Bonds payable (continued)				
Taxable Pension Obligation Bonds				
Pension Obligation Bonds (Series 2005-A)	\$ 400,000	4.91%-5.04%	2035	\$ 334,510
Total Taxable Pension Obligation Bonds	<u>400,000</u>			<u>334,510</u>
Inland Empire Tobacco Securitization Authority				
Series 2007 A	87,650	4.63%-5.10%	2021	57,144
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	<u>294,084</u>			<u>263,578</u>
Riverside County Public Financing Authority				
Series 2012	17,640	3.00% - 5.00%	2021	16,280
Total Riverside County Public Financing Authority	<u>17,640</u>			<u>16,280</u>
Total bonds payable	\$ 910,222			\$ 810,186
Loans payable				
CORAL				
2011 Monroe Park Building Refunding	\$ 5,535	3.54%	2021	\$ 3,890
Total 2011 Monroe Park Building Refunding	<u>5,535</u>			<u>3,890</u>
Total loans payable	\$ 5,535			\$ 3,890
Total governmental activities	\$ 1,421,242			\$ 1,054,669
Business-type activities:				
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	\$ 35,301
1997 Term bond (Series C)	1,532	5.81%	2019	872
2012 Term bond (Series A)	87,510	2.00%-5.00%	2029	92,993
2012 Term bond (Series B)	3,020	3.25%	2019	2,890
Total Regional Medical Center	<u>133,232</u>			<u>132,056</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Type of Indebtedness	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding at June 30, 2014
Bonds payable (Continued)				
Housing Authority				
1998 Series A: Term Bonds	\$ 2,405	6.85%	2018	\$ 885
Total Housing Authority	<u>2,405</u>			<u>885</u>
Total bonds payable	\$ 135,637			\$ 132,941
Total business-type activities	\$ 135,637			\$ 132,941
Discretely Presented Component Unit:				
Bonds payable				
Palm Desert Financing Authority				
2008 Lease Revenue Bond Series A: Serial Certificate	\$ 43,845	4.00%-5.50%	2018	\$ 22,619
2008 Lease Revenue Bond Series A: Term Certificate	28,600	6.00%	2022	28,600
Total Palm Desert Financing Authority	<u>72,445</u>			<u>51,219</u>
Total bonds payable	\$ 72,445			\$ 51,219
Total discretely presented component unit	\$ 72,445			\$ 51,219

As of June 30, 2014, annual debt service requirements of governmental activities to maturity are as follows (In thousands):

Governmental Fiscal Year Ending June 30	Loans Payable		Certificates of Participation	
	Principal	Interest	Principal	Interest
2015	\$ 540	\$ 133	\$ 30,433	\$ 12,124
2016	560	114	32,433	9,288
2017	585	94	18,182	7,711
2018	605	73	18,110	7,398
2019	620	51	19,800	6,387
2020-2024	980	35	60,810	19,689
2025-2029	-	-	24,815	11,590
2030-2034	-	-	18,920	6,490
2035-2039	-	-	16,670	1,569
2040-2044	-	-	420	8
Total	\$ 3,890	\$ 500	\$ 240,593	\$ 82,254
Governmental Fiscal Year Ending June 30	Bonds Payable			
	Principal	Interest		
2015	\$ 31,480	\$ 28,903		
2016	23,350	31,594		
2017	25,640	30,351		
2018	105,614	28,048		
2019	32,278	24,497		
2020-2024	192,940	87,096		
2025-2029	92,380	45,105		
2030-2034	94,355	24,185		
2035-2039	73,652	10,340		
2040-2044	18,620	2,884		
2045-2049	29,653	1,945		
2050-2054	-	-		
2055-2059	90,224	4,671		
Total	\$ 810,186	\$ 319,619		

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2014, annual debt service requirements of business-type activities to maturity are as follows (In thousands):

Business-type Fiscal Year Ending June 30	Bonds Payable		Other Long-term Liabilities	
	Principal	Interest	Principal	Interest
2015	\$ 12,851	\$ 6,880	\$ -	\$ -
2016	13,464	6,952	6,795	-
2017	14,686	6,465	-	-
2018	14,307	5,988	-	-
2019	11,651	8,631	-	-
2020-2024	22,023	82,194	-	-
2025-2029	29,231	37,718	-	-
2030-2034	9,535	381	-	-
Total requirements	127,748	155,209	6,795	-
Bond discount/premium, net	5,848	-	-	-
Loss on defeasance (net)	(655)	-	-	-
Total	\$ 132,941	\$ 155,209	\$ 6,795	\$ -

Discretely Presented Component Unit Fiscal Year Ending June 30	Bonds Payable		Other Long-term Liabilities	
	Principal	Interest	Principal	Interest
2015	\$ 5,325	\$ 2,940	-	-
2016	5,580	2,673	-	-
2017	5,880	2,380	-	-
2018	6,200	2,057	-	-
2019	6,540	1,716	-	-
2020-2022	22,060	2,699	-	-
Total requirements	51,585	14,465	-	-
Bond discount/premium, net	(366)	-	-	-
Total	\$ 51,219	\$ 14,465	\$ -	\$ -

Accreted Interest Payable

The following is a summary of the changes in accreted interest payable for the year ended June 30, 2014 (In thousands):

	Balance June 30, 2013			Additions	Reductions	Balance June 30, 2014		
Governmental Activities:								
Certificates of Participation:								
Court Financing (U.S. District Court Project)	\$	4,037	\$	479	\$	-	\$	4,516
Bonds:								
Inland Empire Tobacco Securitization Authority		90,624		16,483		-		107,107
Total governmental-type activities	\$	94,661	\$	16,962	\$	-	\$	111,623
Business-type Activities:								
Lease Revenue Bonds:								
Regional Medical Center (1997A Hosp)	\$	61,113	\$	5,990	\$	(4,322)	\$	62,781
Total business-type activities	\$	61,113	\$	5,990	\$	(4,322)	\$	62,781

The accreted interest payable balances at June 30, 2014 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Accreted Interest Payable (Continued)

The increases of \$17.0 million and \$1.7 million represent current year's accretion for governmental activities and business-type activities respectively. The accumulated accretion for business-type activities is \$62.8 million at June 30, 2014. The accumulated accretion for U.S. District Court Financing and the Inland Empire Tobacco Securitization Authority in governmental activities is \$111.6 million. The un-accreted balances at June 30, 2014 are \$58.4 million for the 1997-A Hospital Riverside County Regional Medical Center (RCRMC) project, \$2.7 million for the U.S. District Court, and \$3.4 billion for the Inland Empire Tobacco Securitization Authority Capital Appreciation Bonds.

Bonds, Certificates of Participation / Refunding

On July 1, 2013, Riverside Asset Leasing Corporation issued \$66.0 million in lease revenue bonds. The Series 13A (Public Defender/Probation Building and Riverside County Technology Solutions Center Projects) are being issued to acquire, construct, improve, furnish and equip buildings that will house the offices for the County of Riverside's Public Defender, Probation Department and Information and Technology Department. The new bonds have an interest rate of 3.0% to 5.0%.

In June 2014, CORAL issued \$18.5 million in lease revenue bonds. The Series 2014 A and B are being issued to provide funds to: currently refund and defease all of the outstanding Taxable Refunding Certificates of Participation (Historic Courthouse Project) 2003 Series A, currently refund and defease all the outstanding County of Riverside Refunding Certificates of Participation (capital facilities projects), 2003 Series B, advance refund and defease all of the outstanding Taxable Refunding Certificates of Participation (Bankruptcy Court Project), Series 2003, and pay costs of issuance in connection with the issuance and delivery of the Series 2014 Bonds. The new bonds have an interest rate of 2.0% to 4.0%.

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 Historic Courthouse Certificates of Participation. Accordingly, the refunded certificates have been eliminated and the advance refunding certificates have been included in the financial statements. The amount of the defeased debt outstanding at June 30, 2014, was \$705.0 thousand.

On December 2009, CORAL issued \$24.7 million certificates of participation (2009 Larson Justice Center Project Refunding COP) 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 certificates of participation (2009 Public Safety Communication and Woodcrest Library Projects Refunding COP) 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Defeasance of Debt (Continued)

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.

In July 2012, CORAL issued \$90.5 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 \$639.6 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 \$3.4 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 \$34.2 million of Mortgage Revenue Bonds have been issued and \$29.7 million is outstanding as of June 30, 2014. 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 \$70.8 million at June 30, 2014, 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 14 – NOTE LONG-TERM OBLIGATIONS (Continued)

Special Assessment Bonds (Continued)

The Flood Control has issued special assessment bonds, totaling \$1.7 million as June 30, 2014, 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.

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 2008A 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 2014-2015. 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 \$278.7 thousand for the year ended June 30, 2014.

Fair Value: As of June 30, 2014 and 2013, the swap had a negative fair value of \$25.7 million and \$26.8 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 County'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 2008A 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, 2014.

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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Interest Rate Swap (Continued)

Basis Risks: The swap exposes CORAL to basis risk should the relationship between London Interbank Offered Rate (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, 2014, CORAL's rate was 64.0% of LIBOR, or 0.1%, whereas Municipal Swap Index or the reset rate on bonds was 0.1%. The synthetic rate on the bonds at June 30, 2014 was 5.2%.

Termination Risks: CORAL always has the right to terminate the swaps. 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.

Swap Payment and Associated Debt: Using rates as of June 30, 2014, 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):

Fiscal Year Ending June 30, 2014	Variable Rate Bonds		Net Swap Payments	Total Interest
	Principal	Interest		
2015	\$ -	\$ 1,099	\$ 2,835	\$ 3,934
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
2020-2024	18,095	4,054	10,460	14,514
2025-2029	23,370	2,563	6,611	9,174
2030-2034	23,780	679	1,745	2,424
	<u>\$ 76,300</u>	<u>\$ 12,471</u>	<u>\$ 32,167</u>	<u>\$ 44,638</u>

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, 2014 (In thousands):

	Balance	New	Payments	Balance	Amounts Due
	June 30, 2013	Additions	/ Reclass	June 30, 2014	Within One Year
Governmental activities:					
Debt long-term liabilities:					
Bonds payable	\$ 744,460	\$ 84,510	\$ (18,784)	\$ 810,186	\$ 31,480
Capital lease obligations	67,748	30,158	(18,084)	79,822	17,252
Certificates of participation	282,095	-	(41,502)	240,593	30,433
Loans payable	4,420	-	(530)	3,890	540
Total debt long-term liabilities	1,098,723	114,668	(78,900)	1,134,491	79,705
Other long-term liabilities:					
Accreted interest payable	94,661	16,962	-	111,623	-
Compensated absences (a)	165,728	30,453	(1,536)	194,645	101,615
Estimated claims liabilities (b)	130,919	49,424	(37,884)	142,459	34,262
Accrued remediation costs (c)	2,793	-	(219)	2,574	600
Total other long-term liabilities	394,101	96,839	(39,639)	451,301	136,477
Total governmental activities – long-term liabilities	<u>\$ 1,492,824</u>	<u>\$211,507</u>	<u>\$(118,539)</u>	<u>\$ 1,585,792</u>	<u>\$ 216,182</u>

- (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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

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, 2014 (In thousands):

	Balance	New	Payments	Balance	Amounts Due
	June 30, 2013	Additions	/ Reclass	June 30, 2014	Within One Year
Business-type activities:					
Debt long-term liabilities:					
Bonds payable, net of un-amortized discount and losses	\$ 143,710	\$ -	\$(10,769)	\$ 132,941	\$ 12,851
Capital lease (RMC)	7,224	681	(4,051)	3,854	2,324
Total debt long-term liabilities	150,934	681	(14,820)	136,795	15,175
Other long-term liabilities:					
Accreted interest payable	61,113	5,990	(4,322)	62,781	216
Accrued closure and post-closure costs	54,125	1,345	-	55,470	263
Compensated absences	24,061	3,100	(2,996)	24,165	11,432
Accrued remediation costs	36,665	-	(721)	35,944	156
OPEB obligation, net	113	13	-	126	-
Other long-term liabilities (a)	6,795	-	-	6,795	-
Total other long-term liabilities	182,872	10,448	(8,039)	185,281	12,067
Total business-type activities – long-term liabilities	<u>\$ 333,806</u>	<u>\$ 11,129</u>	<u>\$(22,859)</u>	<u>\$ 322,076</u>	<u>\$ 27,242</u>
Discretely Presented Component Unit					
Debt long-term liabilities:					
Bonds payable	\$ 56,245	\$ -	\$ (5,026)	\$ 51,219	\$ 5,325
Other long-term liabilities:					
Compensated absences	279	82	(204)	157	87
Total discretely presented component unit – long-term liabilities	<u>\$ 56,524</u>	<u>\$ 82</u>	<u>\$ (5,230)</u>	<u>\$ 51,376</u>	<u>\$ 5,412</u>

(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 16.2% to the County and 83.8% to the Inland Empire Tobacco Securitization Authority for calendar year 2014. During the fiscal year ended June 30, 2014, \$19.3 million was received by the Inland Empire Tobacco Securitization Authority; \$10.0 million, or 51.9%, was distributed to the County per the above agreement, leaving \$9.3 million, or 48.1%, of the specific tobacco settlement revenues available to be pledged (see page 135). 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

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, which in fiscal year 2014 was \$135.0 thousand (principal) and \$83.0 thousand (interest).

The Housing Authority reports the \$218.0 thousand received each year as revenue. In fiscal year 2013-14, the \$218.0 thousand represented about 0.06% of the total expenses of the Housing Authority. MBIA Insurance Corporation has issued a surety bond in lieu of a cash funded reserve. The outstanding balance as of June 30, 2014, before applying the deferred charge, was \$885.0 thousand.

Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8.0% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in-lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2014. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the County, Flood Control and Park District was \$38.4 million, \$4.2 million and \$386.7 thousand, respectively.

Authorized with the fiscal year 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100.0% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The County participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 15 – DEFERRED 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 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 SB90 and Teeter tax loss reserve. SB90 is California SB 90 of 1972 which established a requirement that the State 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, 2014 were as follows (In thousands):

	Balance June 30, 2014
Governmental activities:	
General Fund:	
SB 90	\$ 40,740
Teeter tax loss reserve	19,706
Property tax	5,095
Sales tax	388
Total general fund	65,929
Flood Control Special Revenue Fund:	
Property tax	981
Special assessments	63
Total special revenue fund	1,044
Total governmental activities	\$ 66,973
Business-type activities:	
Housing Authority Fund:	
Grants received in advance	\$ 722
Waste Management Fund:	
Service concession arrangement	7,962
Total business-type activities	\$ 8,684

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

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 categories. A detailed schedule of fund balances as of June 30, 2014 is as follows (In thousands):

	Major Funds				Total Major Governmental Funds
	General Fund	Transportation	Flood Control	Public Facilities Improvements Capital Projects	
Fund balances:					
Nonspendable					
Inventory	\$ 1,682	\$ 1,089	\$ -	\$ -	\$ 2,771
Prepaid items	-	-	-	-	-
Imprest cash	363	12	1	-	376
Permanent fund	-	-	-	-	-
Total nonspendable	2,045	1,101	1	-	3,147
Restricted					
Aging	-	-	-	-	-
Air quality planning	446	-	-	-	446
Auto theft interdiction	417	-	-	-	417
CAP local initiative program	-	-	-	-	-
Child support services	126	-	-	-	126
Code enforcement	81	-	-	-	81
Construction & capital projects	-	-	-	98,262	98,262
Court services	13,165	-	-	-	13,165
Debt services	1,674	-	-	-	1,674
Developer impact fees	1,090	-	-	-	1,090
District attorney	19,002	-	-	-	19,002
Domestic violence	1,390	-	-	-	1,390
Education	88	-	-	-	88
Emergency medical services	6,119	-	-	-	6,119
Equipment	-	676	-	-	676
Environmental health	268	-	-	-	268
Public facilities	285	-	-	23,636	23,921
Fire protection	-	-	-	1,950	1,950
Geographical info system	-	-	-	-	-
Hazmat	2,993	-	-	-	2,993
HUD/CDBG home grants	-	-	-	-	-
Humane services	203	-	-	-	203
Landscape maintenance	-	3,360	-	-	3,360
Libraries	-	-	-	-	-
Lightings maintenance	-	-	-	-	-
Mental health	7,220	-	-	-	7,220
Modernization	11,549	-	-	-	11,549
NPDES	-	-	-	-	-
Other purposes	3,559	-	-	-	3,559
Parks and recreation	-	-	-	12	12
Probation	113	-	-	-	113
Public assistance	2,701	-	-	-	2,701
Public defender	333	-	-	-	333
Public health	745	-	-	-	745
Public protection	-	-	-	-	-
Public safety revenue	29,089	-	-	-	29,089
Roads	-	58,731	-	-	58,731
Sheriff patrol	7,093	-	-	-	7,093
Teeter tax losses	7,846	-	-	-	7,846
Total restricted	117,595	62,767	-	123,860	304,222

Note: Encumbrances - see Note 23-- Contingencies and Commitments

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 16 – FUND BALANCES (Continued)

	Nonmajor Funds				Total Nonmajor Governmental Funds	Total Governmental Funds
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund		
Fund balances:						
Nonspendable						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,771
Prepaid items	14	-	580	-	594	594
Imprest cash	106	-	-	-	106	482
Permanent fund	-	-	-	508	508	508
Total nonspendable	120	-	580	508	1,208	4,355
Restricted						
Aging	544	-	-	-	544	544
Air quality planning	-	-	-	-	-	446
Auto theft interdiction	-	-	-	-	-	417
CAP local initiative program	1,269	-	-	-	1,269	1,269
Child support services	-	-	-	-	-	126
Code enforcement	-	-	-	-	-	81
Construction & capital projects	-	-	27,262	-	27,262	125,524
Court services	-	-	-	-	-	13,165
Debt services	-	78,253	-	-	78,253	79,927
Developer impact fees	-	-	-	-	-	1,090
District attorney	-	-	-	-	-	19,002
Domestic violence	-	-	-	-	-	1,390
Education	198	-	-	-	198	286
Emergency medical services	-	-	-	-	-	6,119
Equipment	-	-	-	-	-	676
Environmental health	-	-	-	-	-	268
Public facilities	-	-	-	-	-	23,921
Fire protection	5,072	-	-	-	5,072	7,022
Geographical info system	1,144	-	-	-	1,144	1,144
Hazmat	-	-	-	-	-	2,993
HUD/CDBG home grants	1,472	-	-	-	1,472	1,472
Humane services	-	-	-	-	-	203
Landscape maintenance	-	-	-	-	-	3,360
Libraries	25,803	-	-	-	25,803	25,803
Lightings maintenance	7,004	-	-	-	7,004	7,004
Mental health	-	-	-	-	-	7,220
Modernization	-	-	-	-	-	11,549
NPDES	5,858	-	95	-	5,953	5,953
Other purposes	2,286	-	-	-	2,286	5,845
Parks and recreation	805	-	1,418	-	2,223	2,235
Probation	-	-	-	-	-	113
Public assistance	1,102	-	-	-	1,102	3,803
Public defender	-	-	-	-	-	333
Public health	9,024	-	-	-	9,024	9,769
Public protection	5,134	-	-	27	5,161	5,161
Public safety revenue	-	-	-	-	-	29,089
Roads	6,578	-	-	-	6,578	65,309
Sheriff patrol	1,791	-	-	-	1,791	8,884
Teeter tax losses	-	-	-	-	-	7,846
Total restricted	75,084	78,253	28,775	27	182,139	486,361

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 16 – FUND BALANCES (Continued)

	Major Funds				Total Major Governmental Funds
	General Fund	Transportation	Flood Control	Public Facilities Improvements Capital Projects	
Fund balances:					
Committed					
Code enforcement	\$ -	\$ 1,658	\$ -	\$ -	\$ 1,658
Community improvement	565	-	-	-	565
Construction & capital projects	-	374	-	3,000	3,374
Developer impact fees	-	-	-	-	-
Disaster relief	15,000	-	-	-	15,000
District attorney	32	-	-	-	32
EDA special projects	-	-	-	-	-
Education	-	-	-	-	-
Environmental programs	1,910	212	-	-	2,122
Facilities	1,000	-	-	-	1,000
NPDES	-	-	7,799	-	7,799
Other purposes	331	-	-	-	331
Parks	-	-	-	-	-
Planning	142	-	-	-	142
DPSS realignment growth	4,300	-	-	-	4,300
SB90	1,380	-	-	-	1,380
Sheriff correction	7,573	-	-	-	7,573
Solar program	-	-	-	-	-
Youth protection	587	-	-	-	587
Flood protection	-	-	250,781	-	250,781
Total committed	32,820	2,244	258,580	3,000	296,644
Assigned					
Air quality	-	-	-	-	-
Airports	-	-	-	-	-
California children services	343	-	-	-	343
Capital improvement projects	5	-	-	754	759
Code enforcement	50	-	-	-	50
Construction & capital projects	-	-	-	7,049	7,049
Debt service	-	-	-	-	-
EDA special projects	-	-	-	-	-
Equipment	-	4,414	-	-	4,414
Humane services	247	-	-	-	247
Low income health prog	1,610	-	-	-	1,610
Other purposes	980	-	-	-	980
Parks	-	-	-	-	-
Probation	3,438	-	-	-	3,438
Public health	751	-	-	-	751
RCIT radio project	-	-	-	-	-
Registrar of voters	200	-	-	-	200
Roads	-	9,649	-	-	9,649
Special assessments	-	-	-	-	-
Veterans	148	-	-	-	148
Total assigned	7,772	14,063	-	7,803	29,638
Unassigned	203,444	-	-	-	203,444
Total fund balances	\$ 363,676	\$ 80,175	\$ 258,581	\$ 134,663	\$ 837,095

Note: Encumbrances - see Note 23 – Contingencies and Commitments

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 16 – FUND BALANCES (Continued)

	Nonmajor Funds					Total Governmental Funds
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds	
Fund balances:						
Committed						
Code enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,658
Community improvement	-	-	-	-	-	565
Construction & capital projects	-	-	-	-	-	3,374
Developer impact fees	5,408	-	-	-	5,408	5,408
Disaster relief	-	-	-	-	-	15,000
District attorney	-	-	-	-	-	32
EDA special projects	1,871	-	-	-	1,871	1,871
Education	330	-	-	-	330	330
Environmental programs	-	-	-	-	-	2,122
Facilities	-	-	-	-	-	1,000
NPDES	-	-	-	-	-	7,799
Other purposes	-	-	-	-	-	331
Parks	1,182	-	-	-	1,182	1,182
Planning	-	-	-	-	-	142
DPSS realignment growth	-	-	-	-	-	4,300
SB90	-	-	-	-	-	1,380
Sheriff correction	-	-	-	-	-	7,573
Solar program	959	-	-	-	959	959
Youth protection	-	-	-	-	-	587
Flood protection	-	-	-	-	-	250,781
Total committed	9,750	-	-	-	9,750	306,394
Assigned						
Air quality	36	-	-	-	36	36
Airports	2,161	-	-	-	2,161	2,161
California children services	-	-	-	-	-	343
Capital improvement projects	-	-	16,666	-	16,666	17,425
Code enforcement	-	-	-	-	-	50
Construction & capital projects	-	-	-	-	-	7,049
Debt service	-	2,152	-	-	2,152	2,152
EDA special projects	494	-	-	-	494	494
Equipment	-	-	-	-	-	4,414
Humane services	-	-	-	-	-	247
Low income health prog	-	-	-	-	-	1,610
Other purposes	5,352	-	-	-	5,352	6,332
Parks	3,443	-	-	-	3,443	3,443
Probation	-	-	-	-	-	3,438
Public health	-	-	-	-	-	751
RCIT radio project	-	-	253	-	253	253
Registrar of voters	-	-	-	-	-	200
Roads	-	-	-	-	-	9,649
Special assessments	1,813	-	-	-	1,813	1,813
Veterans	-	-	-	-	-	148
Total assigned	13,299	2,152	16,919	-	32,370	62,008
Unassigned	-	-	-	-	-	203,444
Total fund balances	\$ 98,253	\$ 80,405	\$ 46,274	\$ 535	\$ 225,467	\$ 1,062,562

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

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 \$10.0 million, subject to a self-insured retention (SIR) of \$1.0 million for each occurrence. A SIR is a form of a deductible. The County also purchases an additional \$15.0 million per occurrence in excess of the \$10.0 million for a total of \$25.0 million in limits. Medical malpractice utilizes an excess policy providing coverage on a per occurrence basis. Limits under the malpractice policy are \$20.0 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 \$5.0 million per claim. Section A is subject to a \$2.0 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 \$50.0 thousand per occurrence deductible; flood coverage is subject to a 2.0% deductible per unit within a 100-year flood zone and \$25.0 thousand 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 \$1.0 million in value and lesser valued locations where such coverage is required by contract) has a sub-limit in each tower of \$90.0 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 \$100.0 thousand minimum per unit. Boiler and machinery provide up to \$100.0 million in limits, with various deductibles. 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, 2014 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 2013-14 the Board of Supervisors approved continued 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 other uninsured liabilities. Cash available in the risk management and workers' compensation ISF at June 30, 2014 plus revenues to be collected during fiscal year 2014-2015 are expected to be sufficient to cover all fiscal year 2014-15 payments. The carrying amount of unpaid claim liabilities is \$142.5 million. The liabilities are discounted at 2.0% for general liability and medical malpractice and 2.5% for workers' compensation.

	June 30, 2013	June 30, 2014
Unpaid claims, beginning of year	\$ 130,438	\$ 130,919
Increase (decrease) in provision for insured events of prior years	(2,148)	2,840
Incurred claims for current year	44,713	46,584
Claim payments	(42,084)	(37,884)
Unpaid claims, end of year	<u>\$ 130,919</u>	<u>\$ 142,459</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

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. 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. 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 Regional Medical Center has recorded net patient revenue of \$89.2 million for SB 1100 for the fiscal year ended June 30, 2014, of which \$35.7 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.

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS

Under Title 1 (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, 2014 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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.

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

Plan Descriptions

The County, Flood Control, Park District, and Waste Management contract with the CalPERS to provide retirement benefits to its employees. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and plan beneficiaries. 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. 27*, both the County (Miscellaneous and Safety) and Flood Control are considered single-employer defined benefit pension plans, while the Park District and Waste Management are considered 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.

**GASB Statement No. 68 replaces GASB Statement No. 27 effective the first fiscal year beginning after June 15, 2014. GASB 68 will require additional reporting.*

Funding Policy

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 statute.

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 Management are required to contribute the actuarially determined annual required contributions necessary to fund the plans.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 20 – RETIREMENT PLAN (Continued)

Public Employees' Pension Reform Act (PEPRA)

For some time, pension reform has been a topic of debate at local and national levels. Riverside County took the lead in initiating pension reform with its bargaining units. As a result of bargaining, County employees were required to pay their Employee Paid Member Contribution (EPMC), and a new retirement Tier (Tier II) was added to both the Miscellaneous and Safety units of the County. At the same time, Governor Brown initiated proposals that resulted in changes to the pension benefits. Due to the recent passage of Assembly Bill (AB) 340, which created the Public Employees' Pension Reform Act (PEPRA), new lower retirement benefit formulas, final compensation periods, and new contribution requirements were implemented for new employees hired on or after January 1, 2013. The lower retirement benefit formula as a result of PEPRA (Tier) III is 2% at 62 for Miscellaneous and 2.7% at 57 for Safety. Employee contribution rates for Tier III vary based on PEPRA rules. Listed below is a table with the new retirement options and provision changes.

	Plan	EPMC	Earliest Retirement Age	PEPRA Compensation Limits	Final Compensation	Effective Date
County Plan Tier I						
Miscellaneous	3.0% at 60	Yes	50	N/A	12 months	N/A
Safety	3.0% at 50	Yes	50	N/A	12 months	N/A
County Plan Tier II						
Miscellaneous	2.0% at 60	No	50	N/A	36 months	8/23/2012
Safety	2.0% at 50	No	50	N/A	36 months	8/23/2012
County Plan Tier III(PEPRA)						
Miscellaneous	2.0% at 62	No	52	\$ 115,064	36 months	1/1/2013
Safety	2.7% at 57	No	50	138,077	36 months	1/1/2013

Early Retirement Incentive

In fiscal year 2009-10, the County's Board of Supervisors authorized three early retirement incentives for all Miscellaneous and Safety members, excluding Elected Officials covered by the CalPERS Local Miscellaneous and Local Safety contracts (see table below for participation detail). The Early Retirement Incentives offered eligible employees who elected to retire within a designated time period specified by the County, two additional years of service. Eligibility provisions for the Early Retirement Incentive required employees to be in specified job classifications, attainment of at least age 50, and completion of five (5) or more years of service credit with the County.

The County has the option to pay for the cost of each early retirement incentive in a single payment or spread the cost over a 20-year period. The County has elected to pay the cost over a 20-year period. The additional cost will result in increased employer contribution rates and will be payable two years after the end of the fiscal year in which the early retirement incentive window closes.

Early Retirement Incentive Table

Early Retirement Incentive	Window Periods	Total Eligible Employees	Employees Electing Early Retirement Incentive	Estimated Increase in Employer Contribution Rate	FY in Which Employer Contribution Rate will Increase
Local Miscellaneous	01/01 - 03/31/2009	3,400	678	0.4%	2011/2012
Local Safety	07/11 - 10/08/2009 ⁽¹⁾ 07/15 - 10/13/2009 ⁽²⁾	653	151	0.4%	2012/2013
Local Miscellaneous	02/11 - 08/09/2010	3,597	578	0.3%	2013/2014

(1) = District Attorney (2) = Sheriff

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 20 – RETIREMENT PLAN (Continued)

For fiscal year 2013-14, the employer and employee contribution rates were:

	County Miscellaneous	County Safety	Flood Control	Park District	Waste Management
County contribution rates:					
County Tier I	15.6%	24.1%	17.7%	17.4%	20.6%
County Tier II	15.6%	24.1%	17.7%	8.6%	N/A
County Tier III	15.6%	24.1%	17.7%	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.

Annual Pension Cost

For fiscal year 2013-14, the annual pension costs for CalPERS is equal to the employer's required and actual contributions as noted below (In thousands):

	County Miscellaneous	County Safety	Flood Control	Park District	Waste Management
Annual required contribution	\$ 130,936	\$ 70,751	\$ 2,803	\$ 839	\$ 478
Interest on net pension obligation (asset)	(26,141)	(7,201)	(129)	-	-
Adjustment to annual required contribution	20,187	5,561	341	-	434
Annual pension cost	124,982	69,111	3,015	839	912
Contributions made	(130,936)	(70,751)	(2,876)	(839)	(478)
Increase (decrease) in net pension obligation (asset)	(5,954)	(1,640)	139	-	434
Net pension obligation (asset) beginning of year	(348,545)	(96,010)	(1,667)	-	(648)
Net pension obligation (asset) end of year	\$ (354,499)	\$ (97,650)	\$ (1,528)	\$ -	\$ (214)

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 20 – RETIREMENT PLAN (Continued)

Three-Year Trend Information
(In thousands)

	Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
County - Miscellaneous	June 30, 2012	\$ 101,805	106.5 %	\$ (341,828)
	June 30, 2013	105,898	106.3	(348,545)
	June 30, 2014	124,982	104.8	(354,499)
County - Safety	June 30, 2012	56,859	103.2	(94,160)
	June 30, 2013	60,209	103.1	(96,010)
	June 30, 2014	69,111	102.4	(97,650)
Flood Control	June 30, 2012	2,710	94.9	(1,806)
	June 30, 2013	2,991	95.4	(1,667)
	June 30, 2014	3,015	95.4	(1,528)
Park District	June 30, 2012	793	100.0	-
	June 30, 2013	851	100.0	-
	June 30, 2014	839	100.0	-
Waste Management	June 30, 2012	937	53.7	(1,082)
	June 30, 2013	912	52.4	(648)
	June 30, 2014	912	52.4	(214)

Actuarial Methods and Assumptions

The following information is reflective as of the most recent actuarial valuation:

	County Miscellaneous	County Safety	Flood Control	Park District	Waste Management
Actuarial valuation	6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level Percent of Payroll, Open	Level Percent of Payroll, Open	Level Percent of Payroll, Open	Level Percent of Payroll, Open	Level Percent of Payroll, Open
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Actuarial assumptions:					
Investment rate of return	7.5%	7.5%	7.5%	7.5%	7.5%
Projected salary increases*	3.3%-14.2%	3.3%-14.2%	3.3%-14.2%	3.3%-14.2%	3.3%-14.2%
Inflation	2.8%	2.8%	2.8%	2.8%	2.8%
Payroll growth	3.0%	3.0%	3.0%	3.0%	3.0%

* Projected salary increases vary depending on Age, Service, and Type of Employment.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 20 – RETIREMENT PLAN (Continued)

Funded Status and the Funding Progress

The following is funded status information for each plan as of June 30, 2014, which is the most recent actuarial valuation date (In thousands):

	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (Excess of assets over AAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Excess of Assets over AAL) as a Percentage of Covered Payroll ((b-a)/c)
County - Miscellaneous	\$ 3,974,442	\$ 5,008,807	\$ 1,034,365	79.35%	\$ 856,593	120.75 %
County - Safety	1,776,122	2,285,586	509,464	77.71	271,367	187.74
Flood Control	102,350	138,854	36,504	73.71	14,937	244.39
Park District**	903,411	1,081,962	178,551	83.50	153,162	116.58
Waste Management**	903,411	1,081,962	178,551	83.50	153,162	116.58

**The amounts disclosed reflect the entire Risk Pool fund in which Park District and Waste Management are included and does not represent their specific assets and liabilities. CalPERS Risk Pool valuation does not report specific assets and liabilities separately.

The Schedule of Funding progress presented as required supplementary information (RSI), following the notes to the financial statements, presents multi-year trend information on whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

NOTE 21 – DEFINED BENEFIT PENSION PLAN

Plan Descriptions and Contribution Information

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. Participants are immediately 100% vested in the Plan upon enrollment. No financial report has been issued separately for public view under defined benefit pension plan.

Contributions. Participants in the Plan are required to contribute 3.75% of their compensation to the Plan. According to the July 01, 2013 valuation, the County's current required contribution rate is 0.78%, however, the County elected to contribute 2.6 % of payroll in order to obtain a 90.0% target funded ratio within 5 years. The Plan's current funded ratio is 93.4%. 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.

Membership for the plan consisted of the following at July 1, 2013, the date of the latest actuarial valuation:

Number of participants:	
Active plan members	1,919
Terminated and inactive members	7,142
Retirees	180
Total	<u>9,241</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

Summary of Significant Accounting Policies

Basis of Accounting. The pension plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments. Prior to the transition to U.S. Bank, investments of the pension trust were fully invested in the County pool and reported at fair value. On September 28, 2010 Plan Investments were transferred to the new Trustee and Investment Manager, U.S. Bank. U.S. Bank invests Plan funds according to the Plan's Investment Policy. As of June 30, 2014, assets were invested in cash equivalents (1.0%), equities (67.0%), and fixed income (32.0%).

Schedule of Annual Pension Cost and the Net Pension Obligation (NPO) for 2014 and the two preceding years were as follows (In thousands):

Fiscal Year Ending	Annual Required Contribution (ARC)	Interest on NPO	Adjustment to the ARC	Annual Pension Cost	Actual Contribution	NPO End of Year	Percentage Contributed
2012	\$ 160	\$ (240)	\$ (747)	\$ (827)	\$ 559	\$ (5,071)	68.00 %
2013	622	(330)	446	738	946	(5,279)	128.00
2014	335	(353)	378	360	968	(5,887)	268.89

Annual Pension Cost and Net Pension Obligation (In thousands):

Annual required contribution	\$ 335
Interest on net pension obligation (asset)	(353)
Adjustment to annual required contribution	378
Annual pension cost	<u>360</u>
Contributions made	(968)
Increase (decrease) in net pension obligation (asset)	(608)
Net pension obligation (asset) beginning of year	(5,279)
Net pension obligation (asset) end of year	<u>\$ (5,887)</u>

Schedule of Funding Progress

The funded status of the Plan as of July 1, 2013, the most recent actuarial valuation date and the two preceding years were as follows (In thousands):

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)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2011	\$ 23,063	\$ 27,079	\$ 4,016	85.17 %	\$ 33,657	11.93 %
July 1, 2012	23,654	24,307	653	97.31	32,424	2.01
July 1, 2013	26,805	28,706	1,901	93.38	33,139	5.74

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Methods and Assumptions

The following information is as of the date of the most recent actuarial valuation:

Valuation date	7/1/2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level-Dollar Projected Payroll
Remaining amortization period	20 years - Open
Asset valuation method	Market Value plus Receivables
Actuarial assumptions:	
Investment rate of return	5.0%
Projected salary increases	3.0%
Inflation rate	3.0%

NOTE 22 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Descriptions

The County of Riverside (County) and its Special Districts: Flood Control and Water Conservation District (Flood Control); Regional Parks and Open-Space District (Park District); and Waste Management 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 Management, 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 22 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funding Policy and Annual OPEB Cost

It is the policy of the County of Riverside, 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 Study for each trust. To facilitate funding for the ARC, the County has developed a rate structure. It is the policy of the Waste Management 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 Management).

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):

	Waste			
	County	Flood Control	Park District	Management
Contribution rates:				
	Bargaining Unit Determined	Bargaining Unit Determined	Bargaining Unit Determined	Bargaining Unit Determined
County	\$25-\$256	\$25-\$256	\$25-\$256	\$25-\$256
Plan members	\$403-\$964	\$403-\$964	\$403-\$964	\$403-\$964
Annual required contribution	\$ 2,343	\$ 18	\$ -	\$ 126
Interest on net OPEB obligation	(1,882)	(41)	(21)	-
Adjustment to annual required contribution	1,513	35	16	(110)
Annual OPEB cost	1,974	12	(5)	16
Contributions made	(2,343)	(50)	(9)	(3)
Increase in net OPEB obligation (asset)	(369)	(38)	(14)	13
Net OPEB obligation (asset) beginning of year	(25,575)	(539)	(285)	113
Net OPEB obligation (asset) end of year	\$ (25,944)	\$ (577)	\$ (299)	\$ 126

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years for each of the plans were as follows (In thousands):

	Year Ended	Annual OPEB Cost	Percentage of Net OPEB Obligation (Asset)	
			Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
County	06/30/12	\$ 2,119	181.1 %	\$ (22,836)
	06/30/13	2,272	220.6	(25,575)
	06/30/14	1,974	118.7	(25,944)
Flood Control	06/30/12	16	437.5	(483)
	06/30/13	13	530.8	(539)
	06/30/14	12	416.7	(577)
Park District	06/30/12	(2)	200.0	(277)
	06/30/13	(4)	100.0	(285)
	06/30/14	(5)	180.0	(299)
Waste Management	06/30/12	(26)	88.4	-
	06/30/13	117	3.4	113
	06/30/14	16	18.8	126

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

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 June 30, 2014, which is the most recent actuarial valuation date (In thousands):

	County	Flood Control	Park District	Waste Management
Actuarial accrued liability (a)	\$ 43,829	\$ 546	\$ 132	\$ 982
Actuarial value of plan assets (b)	26,764	407	259	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 17,065	\$ 139	\$ (127)	\$ 982
Funded ratio (b) / (a)	61.1%	74.5%	196.2%	0.0%
Covered payroll (c)	\$ 1,096,375	\$ 15,688	\$ 4,607	\$ 2,495
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a) - (b)) / (c)	1.6%	0.9%	-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 Management
Actuarial valuation date	7/1/2013	7/1/2013	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	10 years
Actuarial assumptions:				
Investment rate of return	7.4%	7.4%	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%

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

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. The outstanding balance as of June 30, 2014 was \$1.9 million.

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, 2013, 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 2013-14 Single Audit of federal awards report is expected to be submitted to the Federal Audit Clearinghouse on or before March 31, 2015.

Commitments

At June 30, 2014 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. \$121.4 million will be payable upon future performance under the contracts.

Landfill Construction and Consulting Contracts

The Waste Management 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 Management expects to complete the installation of several landfill liners over the next five years and estimates additional future costs to be \$7.4 million. These additional costs will be capitalized as the costs are incurred.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

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, 2014 the governmental activities reflect a \$2.6 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 statute or regulations and other factors that could result in revisions to these estimates.

Enterprise Funds

Waste Management Department has established restricted cash funds to set aside for future remediation costs as they are required to be performed. Investments of \$28.1 million are held for these purposes at June 30, 2014 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 Management estimates the present value of the total costs of corrective action for foreseeable contaminate releases at \$35.1 million. At June 30, 2014, the Department has accrued \$28.1 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.

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, 2014, the encumbrance balances for the governmental funds are reported as follows (In thousands):

	<u>Restricted</u>	<u>Assigned</u>	<u>Total</u>
Major Governmental Funds			
General Fund:			
California children services	\$ -	\$ 343	\$ 343
Capital improvement projects	-	5	5
Code enforcement	-	50	50
Humane services	-	247	247
Low income health program	-	1,610	1,610
Other purposes	-	182	182
Probation	-	2,576	2,576
Public health	-	751	751
Registrar of voters	-	200	200
Transportation:			
Equipment	676	-	676
Public Facilities Improvements Capital Projects:			
Capital improvement projects	-	2,360	2,360
Nonmajor Governmental Funds			
Special Revenue Funds:			
Lightings maintenance	72	-	72
Total Encumbrances	<u>\$ 748</u>	<u>\$ 8,324</u>	<u>\$ 9,072</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 24 – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS) and CalPERS Pre-payment Note

On July 1, 2014, the County issued \$250.0 million in Tax and Revenue Anticipation Notes in the form of a 2015 Maturity bond due June 30, 2015. The stated interest rate for the bond is set at 1.5% per annum with a yield of 0.12%. Portions of the note proceeds were used to prepay CalPERS contributions for fiscal year 2014-15 in the amount of \$86.6 million. Between the prepayment discount of 3.6%, and earnings on cash flow the County expects to net \$3.2 million in cost savings. 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 2015 and legally available for payment thereof. Proceeds from the bonds will be used for fiscal year 2015 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 2014, 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- series 2003, 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 Palm Desert Financing Authority lease revenue bonds (LRBs) (series 2003A) at 'A+',
- Riverside County Public Financing Authority (LRBs) (series 2012) at 'A+',
- Southwest Communities Financing Authority lease revenue bonds (LRBs) (series 2008A) at 'A+'.

Fitch's reasoning is summarized in the following paragraphs:

The County's base suffered significantly during the recession, with budgeted fiscal year 2014 discretionary revenues representing the first year of growth since fiscal year 2008. The challenged revenue environment led to multiple years of significant deficits, which management resolved by instituting a multiyear expenditure reduction plan that achieved structural balance in fiscal year 2013. Audited fiscal year 2013 general fund operations produced a \$20.7 million net surplus (a modest 1% of spending), raising the total and unrestricted general fund balances to sound levels of \$357.2 million (15% of spending and transfers out) and \$252.6 million (10.6%) respectively.

Fiscal year 2014 operations were structurally balanced, and stronger than budgeted revenues helped to add nearly \$20.0 million to the County's budget stabilization reserve. The structural balance results from years of cost-cutting, including hiring freezes, furlough days, early retirements, attrition and layoffs. The fiscal year 2014 performance also reflects an improved revenue environment, with fiscal year 2014 assessed value (AV) up 4.0% year over year and sales tax revenues estimated to climb 8.0%. The recently adopted fiscal year 2015 budget is also balanced and benefits from a further 7.8% increase in AV.

The County's housing market was one of the worst affected in the nation, with average home values falling over 50.0% and AV contracting 15.7% in fiscal years 2009–2013. The housing market has improved significantly in recent months, with a 16.0% year-over-year gain as of August 2014. Home values remain 30.0% below their pre-recession peak but have increased by 48.0% since February 2012. Home price gains have contributed to solid AV growth of 4.0% in fiscal year 2014 and 7.8% for fiscal year 2015.

Regional Medical Center has experienced several consecutive years of structural imbalance that have resulted in operating deficits, reduced reserves and internal borrowing from the County. The hospital reported a \$27.1 million deficit for fiscal year 2013 and projected a two-year total of \$83.2 million earlier this year, although it now estimates the two-year figure at a much reduced level of \$40.0 million. Unrestricted net position have declined accordingly, falling to negative \$32.6 million in fiscal year 2013 on a budget of approximately \$450.0 million.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2014

NOTE 24 – SUBSEQUENT EVENTS (Continued)

Riverside County Bonds and Certificates of Participation (Continued)

Regional Medical Center's operating deficits are supported by internal borrowing from the County. In addition, the hospital enterprise has received a \$26.0 million loan from the County's waste management enterprise to pay consultant fees. The combined estimated borrowings are equivalent to 26.0% of the fiscal year 2013 unrestricted general fund balance, or 2.8% of general fund spending. The County does not anticipate drawing on the general fund for Regional Medical Center. However, the general fund serves as the ultimate financial backstop if Regional Medical Center were unable to ultimately repay the outstanding loan balances. This concern is mitigated by the flexible nature of the internal borrowings and the County's extremely large \$1.8 billion pool of additional borrowable resources, if needed.

The County has instituted a hospital turnaround plan with the assistance of Huron Consulting Services, which has a positive record of improving operations in other hospitals. Tangible operational improvements implemented to date include replacing key members of hospital management with experienced turnaround experts and assorted new initiatives anticipated to provide \$64.0 million of ongoing savings, equivalent to 14.0% of annual spending.

Teeter Obligation Notes, Series D and E

On October 15, 2014, the County issued \$99.4 million in 2014 Teeter Obligation Notes, series D (Tax-Exempt) and \$815.0 thousand in 2014 Teeter Obligation Notes, Series E (Taxable) to refund a portion of the outstanding 2013 Teeter Obligation Notes, series D, and the outstanding 2013 Teeter Obligation Notes, Series E, 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 2014 Notes bear an interest rate of 1.5% for 2014 Teeter Obligation Note, series D and an interest rate of .4% for 2014 Teeter Obligation Note, Series E and a maturity date of October 14, 2015 when the existing Letter of Credit will expire.

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 2014-15 will be 14.5% and 21.9%, respectively. Fiscal year 2015-16 contribution rates for miscellaneous and safety are estimated at 15.5% and 23.3%, respectively. They will be accounted for in fiscal year 2013-14 and future budget years.

CORAL

In October 2014, CORAL paid off the 1985 Certificates bonds early which had an outstanding balance of \$28.0 million as of June 30, 2014.

Housing Authority

The Housing Authority expects to fully engage its mission of providing transitional rental subsidies through its non-profit arm, the Riverside Housing Corporation (RCHC), which received a grant of \$135.0 thousand from the California Endowment. The focus of this endeavor will be to serve residents of the eastern Coachella Valley who need affordable, safe, decent, and sanitary housing opportunities, and supportive programs that foster economic opportunities. Another grant for \$50.0 thousand is expected to be received from the Coachella Valley Air Quality Enhancement (CVAQ) Project, which would support RCHC's housing objective.

Further, through the RCHC, funds for the Emergency Solutions Grant (ESG) will be directed towards the expansion of eligible activities for emergency shelter and homelessness prevention activities, which include short-term and medium-term rental assistance and services to stabilize and rapidly re-house individuals and households who are homeless or at risk of becoming homeless. ESG funds are provided by the Department of Housing and Urban Development through the Riverside County's Economic Development Agency and the City of Riverside.

Inland Empire Tobacco Securitization Authority

On August 8, 2014, Fitch Ratings lowered the ratings on the Inland Empire Tobacco Securitization Corporation Series 2007 Bonds from a prior rating of B to a new rating B- as a result of Fitch's annual review.



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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2014

RETIREMENT PLANS - SCHEDULES OF FUNDING PROGRESS

The tables below show a three-year analysis of the Actuarial Value of Assets as a ratio of the Actuarial Accrued Liability (AAL) and the Asset Value in Excess (Deficit) of AAL as a percentage of Annual Covered Payroll (dollars in thousands):

Riverside County – Miscellaneous

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)
June 30, 2011	\$ 3,923,499	\$ 4,461,554	\$ 538,055	87.94 %	\$ 812,363	66.23 %
June 30, 2012	4,172,401	4,708,882	536,481	88.61	836,418	64.14
June 30, 2013	3,974,442	5,008,807	1,034,365	79.35	856,593	120.75

Riverside County - Safety

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)
June 30, 2011	\$ 1,745,937	\$ 2,032,001	\$ 286,064	85.92 %	\$ 273,170	104.72 %
June 30, 2012	1,860,614	2,086,406	225,792	89.18	261,704	86.28
June 30, 2013	1,776,122	2,285,586	509,464	77.71	271,367	187.74

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)
June 30, 2011	\$ 104,545	\$ 125,474	\$ 20,929	83.32 %	\$ 15,585	134.29 %
June 30, 2012	110,089	131,966	21,877	83.42	15,151	144.39
June 30, 2013	102,350	138,854	36,504	73.71	14,937	244.39

*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)
June 30, 2010	\$ 754,859	\$ 945,221	\$ 190,362	79.86 %	\$ 159,157	119.61 %
June 30, 2011	825,991	1,023,127	197,136	80.73	160,900	122.52
June 30, 2012 **	903,411	1,081,962	178,551	83.50	153,162	116.58

*The amounts disclosed are for the entire Risk Pool fund in which Regional Park and Open-Space District participates and not solely of their specific assets and liabilities. CalPERS Risk Pool valuation does not break out specific assets and liabilities. **The most recent funded status information available for the year ended June 30, 2014.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2014

RETIREMENT PLANS - SCHEDULES OF FUNDING PROGRESS (Continued)
(Dollars in Thousands)

*Waste Management 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)
June 30, 2010	\$ 754,859	\$ 945,221	\$ 190,362	79.86 %	\$ 159,157	119.61 %
June 30, 2011	825,991	1,023,127	197,136	80.73	160,900	122.52
June 30, 2012 **	903,411	1,081,962	178,551	83.50	153,162	116.58

*The amounts disclosed are for the entire Risk Pool fund in which Waste Management Department participates and not solely of their specific assets and liabilities. CalPERS Risk Pool valuation does not break out specific assets and liabilities. **The most recent funded status information available for the year ended June 30, 2014.

Riverside County - Part-time and Temporary Help Retirement

Six-Year Trend Information

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)
June 30, 2008	\$ 16,989	\$ 19,471	\$ 2,482	87.25 %	\$ 27,928	8.89 %
June 30, 2009	19,384	21,402	2,018	90.57	26,550	7.60
June 30, 2010	19,992	23,633	3,641	84.59	41,284	8.82
June 30, 2011	23,063	27,079	4,016	85.17	33,657	11.93
June 30, 2012	23,654	24,307	653	97.31	32,424	2.01
June 30, 2013	26,805	28,706	1,901	93.38	33,139	5.74

RETIREMENT PLANS - SCHEDULE OF EMPLOYER CONTRIBUTIONS

Riverside County - Part-time and Temporary Help Retirement

Fiscal Year	Annual Required Contribution	Percentage Contributed	Net Pension Obligation (Asset)
2009	\$ 227	828 %	\$ (2,901)
2010	226	372	(3,515)
2011	156	167	(3,685)
2012	160	568	(5,071)
2013	622	128	(5,279)
2014	335	269	(5,887)

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2014

OPEB - SCHEDULES OF FUNDING PROGRESS
(Dollars in Thousands)

Riverside County

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, 2011	\$ 19,460	\$ 40,166	\$ 20,706	48.45 %	\$ 1,012,698	2.04 %
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

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, 2011	\$ 269	\$ 482	\$ 213	55.81 %	\$ 15,600	1.37 %
July 1, 2012	321	494	173	64.98	15,339	1.13
July 1, 2013	407	546	139	74.54	15,688	0.89

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

Waste Management 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.



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COMBINING AND INDIVIDUAL FUND STATEMENTS AND BUDGETARY SCHEDULES

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Teeter Debt Service Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment earnings (loss)	\$ -	\$ -	\$ 258	\$ 258
Other revenue	3,431	2,735	260	(2,475)
Total revenues	<u>3,431</u>	<u>2,735</u>	<u>518</u>	<u>(2,217)</u>
EXPENDITURES:				
Current:				
General government	3,431	3,098	881	(2,217)
Total expenditures	<u>3,431</u>	<u>3,098</u>	<u>881</u>	<u>(2,217)</u>
Excess (deficiency) of revenues over (under) expenditures	-	(363)	(363)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	696	696	-
Transfers out	-	(333)	(333)	-
Total other financing sources (uses)	<u>-</u>	<u>363</u>	<u>363</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Public Facilities Improvements Capital Projects Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
License, permits, and franchise fees	\$ 635	\$ -	\$ -	\$ -
Use of money and property:				
Investment earnings (loss)	1,094	1,094	1,000	(94)
Rents and concessions	350	350	350	-
Aid from other governmental agencies:				
State	8,000	8,000	-	(8,000)
Other	24,708	24,708	25,513	805
Charges for services	73,196	68,214	22,212	(46,002)
Other revenue	21,764	22,203	677	(21,526)
Total revenues	<u>129,747</u>	<u>124,569</u>	<u>49,752</u>	<u>(74,817)</u>
EXPENDITURES:				
Current:				
General government	168,363	154,152	69,502	(84,650)
Public ways and facilities	22,791	13,927	826	(13,101)
Total expenditures	<u>191,154</u>	<u>168,079</u>	<u>70,328</u>	<u>(97,751)</u>
Excess (deficiency) of revenues over (under) expenditures	(61,407)	(43,510)	(20,576)	22,934
OTHER FINANCING SOURCES (USES):				
Transfers in	-	6,256	6,256	-
Transfers out	-	(50,577)	(50,577)	-
Total other financing sources (uses)	<u>-</u>	<u>(44,321)</u>	<u>(44,321)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(61,407)	(87,831)	(64,897)	22,934
Fund balance, beginning of year	199,560	199,560	199,560	-
FUND BALANCE, END OF YEAR	<u>\$ 138,153</u>	<u>\$ 111,729</u>	<u>\$ 134,663</u>	<u>\$ 22,934</u>

NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF RIVERSIDE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014
(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	\$ 96,845	\$ 6,395	\$ 25,696	\$ 535	\$ 129,471
Accounts receivable	122	1,638	-	-	1,760
Interest receivable	25	87	9	-	121
Taxes receivable	1,340	-	-	-	1,340
Due from other governments	10,555	1,083	416	-	12,054
Due from other funds	2	-	-	-	2
Prepaid items	14	-	580	-	594
Restricted cash and investments	-	72,494	21,372	-	93,866
Total assets	<u>108,903</u>	<u>81,697</u>	<u>48,073</u>	<u>535</u>	<u>239,208</u>
Deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 108,903</u>	<u>\$ 81,697</u>	<u>\$ 48,073</u>	<u>\$ 535</u>	<u>\$ 239,208</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 6,086	\$ 1,292	\$ 926	\$ -	\$ 8,304
Salaries and benefits payable	2,340	-	110	-	2,450
Due to other governments	200	-	-	-	200
Due to other funds	222	-	763	-	985
Deposits payable	342	-	-	-	342
Advances from grantors and third parties	1,460	-	-	-	1,460
Total liabilities	<u>10,650</u>	<u>1,292</u>	<u>1,799</u>	<u>-</u>	<u>13,741</u>
Deferred inflows of resources	-	-	-	-	-
Fund balances:					
Nonspendable	120	-	580	508	1,208
Restricted	75,084	78,253	28,775	27	182,139
Committed	9,750	-	-	-	9,750
Assigned	13,299	2,152	16,919	-	32,370
Total fund balances	<u>98,253</u>	<u>80,405</u>	<u>46,274</u>	<u>535</u>	<u>225,467</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 108,903</u>	<u>\$ 81,697</u>	<u>\$ 48,073</u>	<u>\$ 535</u>	<u>\$ 239,208</u>

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014
(Dollars in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
REVENUES:					
Taxes	\$ 55,538	\$ -	\$ -	\$ -	\$ 55,538
Licenses, permits and franchise fees	675	-	-	-	675
Fines, forfeitures and penalties	1,253	-	-	-	1,253
Use of money and property:					
Investment earnings (loss)	569	1,561	126	3	2,259
Rents and concessions	8,176	9,025	-	-	17,201
Aid from other governmental agencies:					
Federal	54,866	-	-	-	54,866
State	4,578	-	740	-	5,318
Other	20,311	-	-	-	20,311
Charges for services	28,217	1,730	2,292	23	32,262
Other revenue	9,453	9,281	67	-	18,801
Total revenues	<u>183,636</u>	<u>21,597</u>	<u>3,225</u>	<u>26</u>	<u>208,484</u>
EXPENDITURES:					
Current:					
General government	18,646	12,297	6,841	-	37,784
Public protection	7,071	-	-	-	7,071
Public ways and facilities	13,783	-	-	-	13,783
Health and sanitation	5,489	-	-	-	5,489
Public assistance	55,752	-	-	-	55,752
Education	18,884	-	-	-	18,884
Recreation and culture	14,769	-	855	-	15,624
Debt service:					
Principal	-	60,094	-	-	60,094
Interest	-	41,224	-	-	41,224
Cost of issuance	-	623	-	-	623
Capital outlay	-	1,196	53,885	-	55,081
Total expenditures	<u>134,394</u>	<u>115,434</u>	<u>61,581</u>	<u>-</u>	<u>311,409</u>
Excess (deficiency) of revenues over (under) expenditures	49,242	(93,837)	(58,356)	26	(102,925)
OTHER FINANCING SOURCES (USES):					
Transfers in	17,148	97,369	14,422	-	128,939
Transfers out	(69,685)	(24,926)	(402)	-	(95,013)
Issuance of debt	-	-	64,000	-	64,000
Issuance of refunding bonds	-	20,510	-	-	20,510
Premium on long-term debt	-	1,338	-	-	1,338
Total other financing sources (uses)	<u>(52,537)</u>	<u>94,291</u>	<u>78,020</u>	<u>-</u>	<u>119,774</u>
NET CHANGE IN FUND BALANCES	(3,295)	454	19,664	26	16,849
Fund balances, beginning of year, as previously reported	99,381	79,951	28,881	509	208,722
Adjustments to beginning fund balances	2,167	-	(2,271)	-	(104)
Fund balances, beginning of year, as restated	<u>101,548</u>	<u>79,951</u>	<u>26,610</u>	<u>509</u>	<u>208,618</u>
FUND BALANCES, END OF YEAR	\$ 98,253	\$ 80,405	\$ 46,274	\$ 535	\$ 225,467

SPECIAL REVENUE FUNDS

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 of 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, 2014
(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	\$ 38,767	\$ 20,933	\$ 12,424	\$ 170
Accounts receivable	46	-	50	-
Interest receivable	3	9	4	-
Taxes receivable	1,058	168	96	-
Due from other governments	8,379	147	757	122
Due from other funds	-	-	-	-
Prepaid items	14	-	-	-
Total assets	<u>48,267</u>	<u>21,257</u>	<u>13,331</u>	<u>292</u>
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 48,267</u>	<u>\$ 21,257</u>	<u>\$ 13,331</u>	<u>\$ 292</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 4,542	\$ 237	\$ 571	\$ 16
Salaries and benefits payable	1,124	225	606	-
Due to other governments	192	1	6	-
Due to other funds	222	-	-	-
Deposits payable	19	43	-	-
Advances from grantors and third parties	871	-	563	-
Total liabilities	<u>6,970</u>	<u>506</u>	<u>1,746</u>	<u>16</u>
Deferred inflows of resources	-	-	-	-
Fund balances (Note 16):				
Nonspendable	81	1	20	-
Restricted	36,001	20,744	-	276
Committed	4,932	-	3,860	-
Assigned	283	6	7,705	-
Total fund balances	<u>41,297</u>	<u>20,751</u>	<u>11,585</u>	<u>276</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 48,267</u>	<u>\$ 21,257</u>	<u>\$ 13,331</u>	<u>\$ 292</u>

In-Home Support Services	Perris Valley Cemetery District	Other Special Revenue	Total
\$ 1,037	\$ 612	\$ 22,902	\$ 96,845
-	-	26	122
1	-	8	25
-	5	13	1,340
862	-	288	10,555
-	-	2	2
-	-	-	14
<u>1,900</u>	<u>617</u>	<u>23,239</u>	<u>108,903</u>
-	-	-	-
<u>\$ 1,900</u>	<u>\$ 617</u>	<u>\$ 23,239</u>	<u>\$ 108,903</u>

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Cash and investments	\$ 96,845		
Accounts receivable	122		
Interest receivable	25		
Taxes receivable	1,340		
Due from other governments	10,555		
Due from other funds	2		
Prepaid items	14		
Total assets	<u>108,903</u>		
Deferred outflows of resources	-		
Total assets and deferred outflows of resources	<u>\$ 108,903</u>		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ 6,086		
Salaries and benefits payable	2,340		
Due to other governments	200		
Due to other funds	222		
Deposits payable	342		
Advances from grantors and third parties	1,460		
Total liabilities	<u>10,650</u>		
Deferred inflows of resources	-		
Fund balances (Note 16):			
Nonspendable	120		
Restricted	75,084		
Committed	9,750		
Assigned	13,299		
Total fund balances	<u>98,253</u>		
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 108,903</u>		

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds
For the Fiscal Year Ended June 30, 2014
(Dollars in Thousands)

	Community Services	County Service Areas	Regional Park and Open-Space	Air Quality Improvement
REVENUES:				
Taxes	\$ 49,738	\$ 659	\$ 4,136	\$ -
Licenses, permits, and franchise fees	-	-	-	-
Fines, forfeitures, and penalties	452	-	3	-
Use of money and property:				
Investment earnings (loss)	289	107	51	2
Rents and concessions	1,105	18	1,188	-
Aid from other governmental agencies:				
Federal	53,462	-	-	-
State	2,584	9	163	525
Other	17,773	126	614	-
Charges for services	1,206	9,257	7,264	-
Other revenue	8,593	21	420	-
Total revenues	135,202	10,197	13,839	527
EXPENDITURES:				
Current:				
General government	11,538	-	-	-
Public protection	-	38	424	335
Public ways and facilities	-	7,537	-	-
Health and sanitation	2,444	775	-	-
Public assistance	55,749	-	-	-
Education	18,884	-	-	-
Recreation and culture	200	895	13,674	-
Total expenditures	88,815	9,245	14,098	335
Excess (deficiency) of revenues over (under) expenditures	46,387	952	(259)	192
OTHER FINANCING SOURCES (USES):				
Transfers in	10,939	1,861	1,612	-
Transfers out	(60,154)	(2,657)	(1,091)	(367)
Total other financing sources (uses)	(49,215)	(796)	521	(367)
NET CHANGE IN FUND BALANCES	(2,828)	156	262	(175)
Fund balances, beginning of year, as previously reported	44,125	20,595	9,156	451
Adjustments to beginning fund balances	-	-	2,167	-
Fund balances, beginning of year, as restated	44,125	20,595	11,323	451
FUND BALANCES, END OF YEAR	\$ 41,297	\$ 20,751	\$ 11,585	\$ 276

In-Home Support Services	Perris Valley Cemetery District	Other Special Revenue	Total	
				REVENUES:
\$ -	\$ 199	\$ 806	\$ 55,538	Taxes
-	-	675	675	Licenses, permits, and franchise fees
-	-	798	1,253	Fines, forfeitures, and penalties
7	3	110	569	Use of money and property:
-	-	5,865	8,176	Investment earnings (loss)
				Rents and concessions
1,090	-	314	54,866	Aid from other governmental agencies:
1,173	3	121	4,578	Federal
-	22	1,776	20,311	State
-	241	10,249	28,217	Other
-	-	419	9,453	Charges for services
2,270	468	21,133	183,636	Other revenue
				Total revenues
-	-	7,108	18,646	EXPENDITURES:
-	400	5,874	7,071	Current:
2,270	-	6,246	13,783	General government
3	-	-	5,489	Public protection
-	-	-	55,752	Public ways and facilities
-	-	-	18,884	Health and sanitation
-	-	-	14,769	Public assistance
2,273	400	19,228	134,394	Education
				Recreation and culture
(3)	68	1,905	49,242	Total expenditures
				Excess (deficiency) of revenues over (under) expenditures
162	-	2,574	17,148	OTHER FINANCING SOURCES (USES):
(166)	(71)	(5,179)	(69,685)	Transfers in
(4)	(71)	(2,605)	(52,537)	Transfers out
(7)	(3)	(700)	(3,295)	Total other financing sources (uses)
				NET CHANGE IN FUND BALANCES
1,822	321	22,911	99,381	Fund balances, beginning of year, as previously reported
-	-	-	2,167	Adjustments to beginning fund balances
1,822	321	22,911	101,548	Fund balances, beginning of year, as restated
\$ 1,815	\$ 318	\$ 22,211	\$ 98,253	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Community Services Special Revenue Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 45,154	\$ 49,213	\$ 49,738	\$ 525
Fines, forfeitures, and penalties	350	350	452	102
Use of money and property:				
Investment earnings (loss)	7	8	289	281
Rents and concessions	1,235	1,235	1,105	(130)
Aid from other governmental agencies:				
Federal	68,121	70,305	53,462	(16,843)
State	2,236	2,574	2,584	10
Other	16,885	16,885	17,773	888
Charges for services	2,663	2,334	1,206	(1,128)
Other revenue	12,091	8,294	8,593	299
Total revenues	<u>148,742</u>	<u>151,198</u>	<u>135,202</u>	<u>(15,996)</u>
EXPENDITURES:				
Current:				
General government	5,770	13,698	11,538	(2,160)
Public protection	44,601	446	-	(446)
Health and sanitation	3,208	3,246	2,444	(802)
Public assistance	75,503	70,173	55,749	(14,424)
Education	20,991	20,158	18,884	(1,274)
Recreation and culture	339	364	200	(164)
Total expenditures	<u>150,412</u>	<u>108,085</u>	<u>88,815</u>	<u>(19,270)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,670)	43,113	46,387	3,274
OTHER FINANCING SOURCES (USES):				
Transfers in	-	10,939	10,939	-
Transfers out	-	(60,154)	(60,154)	-
Total other financing sources (uses)	<u>-</u>	<u>(49,215)</u>	<u>(49,215)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(1,670)</u>	<u>(6,102)</u>	<u>(2,828)</u>	<u>3,274</u>
Fund balance, beginning of year	44,125	44,125	44,125	-
FUND BALANCE, END OF YEAR	<u>\$ 42,455</u>	<u>\$ 38,023</u>	<u>\$ 41,297</u>	<u>\$ 3,274</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 County Service Areas Special Revenue Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 670	\$ 670	\$ 659	\$ (11)
Use of money and property:				
Investment earnings (loss)	49	49	107	58
Rents and concessions	5	5	18	13
Aid from other governmental agencies:				
State	9	9	9	-
Other	45	45	126	81
Charges for services	11,600	9,911	9,257	(654)
Other revenue	1,131	1,651	21	(1,630)
Total revenues	<u>13,509</u>	<u>12,340</u>	<u>10,197</u>	<u>(2,143)</u>
EXPENDITURES:				
Current:				
Public protection	284	266	38	(228)
Public ways and facilities	11,318	11,270	7,537	(3,733)
Health and sanitation	800	800	775	(25)
Recreation and culture	1,106	2,768	895	(1,873)
Total expenditures	<u>13,508</u>	<u>15,104</u>	<u>9,245</u>	<u>(5,859)</u>
Excess (deficiency) of revenues over (under) expenditures	1	(2,764)	952	3,716
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,861	1,861	-
Transfers out	-	(2,657)	(2,657)	-
Total other financing sources (uses)	<u>-</u>	<u>(796)</u>	<u>(796)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>1</u>	<u>(3,560)</u>	<u>156</u>	<u>3,716</u>
Fund balance, beginning of year	20,595	20,595	20,595	-
FUND BALANCE, END OF YEAR	<u>\$ 20,596</u>	<u>\$ 17,035</u>	<u>\$ 20,751</u>	<u>\$ 3,716</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Regional Park and Open-Space Special Revenue Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 4,050	\$ 4,050	\$ 4,136	\$ 86
Fines, forfeitures and penalties	-	-	3	3
Use of money and property:				
Investment earnings (loss)	22	22	51	29
Rents and concessions	1,106	1,370	1,188	(182)
Aid from other governmental agencies:				
State	280	280	163	(117)
Other	-	425	614	189
Charges for services	7,648	8,274	7,264	(1,010)
Other revenue	1,308	404	420	16
Total revenues	<u>14,414</u>	<u>14,825</u>	<u>13,839</u>	<u>(986)</u>
EXPENDITURES:				
Current:				
Public protection	496	454	424	(30)
Recreation and culture	14,652	15,698	13,674	(2,024)
Total expenditures	<u>15,148</u>	<u>16,152</u>	<u>14,098</u>	<u>(2,054)</u>
Excess (deficiency) of revenues over (under) expenditures	(734)	(1,327)	(259)	1,068
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,612	1,612	-
Transfers out	-	(1,091)	(1,091)	-
Total other financing sources (uses)	<u>-</u>	<u>521</u>	<u>521</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(734)	(806)	262	1,068
Fund balance, beginning of year, as previously reported	9,156	9,156	9,156	-
Adjustments to beginning fund balance	-	-	2,167	2,167
Fund balance, beginning of year	<u>9,156</u>	<u>9,156</u>	<u>11,323</u>	<u>2,167</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,422</u>	<u>\$ 8,350</u>	<u>\$ 11,585</u>	<u>\$ 3,235</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Air Quality Improvement Special Revenue Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment earnings (loss)	\$ 2	\$ 2	\$ 2	\$ -
State	475	475	525	50
Total revenues	<u>477</u>	<u>477</u>	<u>527</u>	<u>50</u>
EXPENDITURES:				
Current:				
Public protection	682	426	335	(91)
Total expenditures	<u>682</u>	<u>426</u>	<u>335</u>	<u>(91)</u>
Excess (deficiency) of revenues over (under) expenditures	(205)	51	192	141
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(367)	(367)	-
Total other financing sources (uses)	<u>-</u>	<u>(367)</u>	<u>(367)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(205)	(316)	(175)	141
Fund balance, beginning of year	451	451	451	-
FUND BALANCE, END OF YEAR	<u>\$ 246</u>	<u>\$ 135</u>	<u>\$ 276</u>	<u>\$ 141</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 In-Home Support Services Special Revenue Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Investment earnings (loss)	\$ -	\$ -	\$ 7	\$ 7
Aid from other governmental agencies:				
Federal	1,327	1,567	1,090	(477)
State	1,382	1,642	1,173	(469)
Charges for services	162	-	-	-
Total revenues	<u>2,871</u>	<u>3,209</u>	<u>2,270</u>	<u>(939)</u>
EXPENDITURES:				
Current:				
Health and sanitation	2,871	3,205	2,270	(935)
Public assistance	-	-	3	3
Total expenditures	<u>2,871</u>	<u>3,205</u>	<u>2,273</u>	<u>(932)</u>
Excess (deficiency) of revenues over (under) expenditures	-	4	(3)	(7)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	162	162	-
Transfers out	-	(166)	(166)	-
Total other financing sources (uses)	<u>-</u>	<u>(4)</u>	<u>(4)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(7)</u>	<u>(7)</u>
Fund balance, beginning of year	1,822	1,822	1,822	-
FUND BALANCE, END OF YEAR	<u>\$ 1,822</u>	<u>\$ 1,822</u>	<u>\$ 1,815</u>	<u>\$ (7)</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Perris Valley Cemetery District Special Revenue Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 210	\$ 210	\$ 199	\$ (11)
Use of money and property:				
Investment earnings (loss)	2	2	3	1
Aid from other governmental agencies:				
State	3	3	3	-
Other	-	-	22	22
Charges for services	265	265	241	(24)
Total revenues	<u>480</u>	<u>480</u>	<u>468</u>	<u>(12)</u>
EXPENDITURES:				
Current:				
Public protection	480	476	400	(76)
Total expenditures	<u>480</u>	<u>476</u>	<u>400</u>	<u>(76)</u>
Excess (deficiency) of revenues over (under) expenditures	-	4	68	64
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(71)	(71)	-
Total other financing sources (uses)	<u>-</u>	<u>(71)</u>	<u>(71)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(67)</u>	<u>(3)</u>	<u>64</u>
Fund balance, beginning of year	321	321	321	-
FUND BALANCE, END OF YEAR	<u>\$ 321</u>	<u>\$ 254</u>	<u>\$ 318</u>	<u>\$ 64</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Other Special Revenue Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 706	\$ 706	\$ 806	\$ 100
License, permits, and franchise fees	32	673	675	2
Fines, forfeitures, and penalties	-	809	798	(11)
Use of money and property:				
Investment earnings (loss)	74	74	110	36
Rents and concessions	5,663	5,796	5,865	69
Aid from other governmental agencies:				
Federal	3,915	3,915	314	(3,601)
State	348	348	121	(227)
Other	1,393	1,468	1,776	308
Charges for services	12,345	11,657	10,249	(1,408)
Other revenue	1,231	369	419	50
Total revenues	<u>25,707</u>	<u>25,815</u>	<u>21,133</u>	<u>(4,682)</u>
EXPENDITURES:				
Current:				
General government	7,829	8,019	7,108	(911)
Public protection	6,516	6,367	5,874	(493)
Public ways and facilities	12,806	10,951	6,246	(4,705)
Total expenditures	<u>27,151</u>	<u>25,337</u>	<u>19,228</u>	<u>(6,109)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,444)	478	1,905	1,427
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,574	2,574	-
Transfers out	-	(5,179)	(5,179)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,605)</u>	<u>(2,605)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,444)	(2,127)	(700)	1,427
Fund balance, beginning of year	22,911	22,911	22,911	-
FUND BALANCE, END OF YEAR	<u>\$ 21,467</u>	<u>\$ 20,784</u>	<u>\$ 22,211</u>	<u>\$ 1,427</u>

DEBT SERVICE FUNDS

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, 2014
(Dollars in Thousands)

	CORAL	District Court Financing Corporation	Bankruptcy Court	Pension Obligation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ 6,395
Accounts receivable	-	-	-	1,638
Interest receivable	86	-	-	1
Due from other governments	1,083	-	-	-
Restricted cash and investments	42,860	1,175	7,495	-
Total assets	44,029	1,175	7,495	8,034
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 44,029	\$ 1,175	\$ 7,495	\$ 8,034
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 1,292	\$ -	\$ -	\$ -
Total liabilities	1,292	-	-	-
Deferred inflows of resources	-	-	-	-
Fund balances (Note 16):				
Restricted	42,737	1,175	7,495	5,882
Assigned	-	-	-	2,152
Total fund balances	42,737	1,175	7,495	8,034
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,029	\$ 1,175	\$ 7,495	\$ 8,034

	Inland Empire Tobacco Securitization Authority	Public Financing Authority	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Cash and investments	\$ -	\$ -	\$ 6,395
Accounts receivable	-	-	1,638
Interest receivable	-	-	87
Due from other governments	-	-	1,083
Restricted cash and investments	19,573	1,391	72,494
Total assets	19,573	1,391	81,697
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 19,573	\$ 1,391	\$ 81,697
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 1,292
Total liabilities	-	-	1,292
Deferred inflows of resources	-	-	-
Fund balances (Note 16):			
Restricted	19,573	1,391	78,253
Assigned	-	-	2,152
Total fund balances	19,573	1,391	80,405
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,573	\$ 1,391	\$ 81,697

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Funds
For the Fiscal Year Ended June 30, 2014
(Dollars in Thousands)

	CORAL	District Court Financing Corporation	Bankruptcy Court	Pension Obligation
REVENUES:				
Use of money and property:				
Investment earnings (loss)	\$ 724	\$ 23	\$ 196	\$ 616
Rents and concessions	2,867	2,463	2,308	-
Charges for services	-	-	-	1,730
Other revenue	-	-	-	-
Total revenues	<u>3,591</u>	<u>2,486</u>	<u>2,504</u>	<u>2,346</u>
EXPENDITURES:				
Current:				
General government	1,644	3	5,545	5,000
Debt service:				
Principal	42,240	1,416	1,013	12,275
Interest	16,258	192	434	16,887
Cost of issuance	623	-	-	-
Capital outlay	-	726	470	-
Total expenditures	<u>60,765</u>	<u>2,337</u>	<u>7,462</u>	<u>34,162</u>
Excess (deficiency) of revenues over (under) expenditures	(57,174)	149	(4,958)	(31,816)
OTHER FINANCING SOURCES (USES):				
Transfers in	57,215	-	7,495	32,659
Transfers out	(22,926)	-	(2,000)	-
Issuance of refunding bonds	20,510	-	-	-
Premium on long-term debt	1,338	-	-	-
Total other financing sources (uses)	<u>56,137</u>	<u>-</u>	<u>5,495</u>	<u>32,659</u>
NET CHANGE IN FUND BALANCES	(1,037)	149	537	843
Fund balances, beginning of year	43,774	1,026	6,958	7,191
FUND BALANCES, END OF YEAR	<u>\$ 42,737</u>	<u>\$ 1,175</u>	<u>\$ 7,495</u>	<u>\$ 8,034</u>

	Inland Empire Tobacco Securitization Authority	Public Financing Authority	Total	
REVENUES:				
Use of money and property:				
Investment earnings (loss)	\$ 2	\$ -	\$ 1,561	Investment earnings (loss)
Rents and concessions	-	1,387	9,025	Rents and concessions
Charges for services	-	-	1,730	Charges for services
Other revenue	9,281	-	9,281	Other revenue
Total revenues	<u>9,283</u>	<u>1,387</u>	<u>21,597</u>	Total revenues
EXPENDITURES:				
Current:				
General government	105	-	12,297	General government
Debt service:				Debt service:
Principal	2,435	715	60,094	Principal
Interest	6,781	672	41,224	Interest
Cost of issuance	-	-	623	Cost of issuance
Capital outlay	-	-	1,196	Capital outlay
Total expenditures	<u>9,321</u>	<u>1,387</u>	<u>115,434</u>	Total expenditures
Excess (deficiency) of revenues over (under) expenditures	(38)	-	(93,837)	Excess (deficiency) of revenues over (under) expenditures
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	97,369	Transfers in
Transfers out	-	-	(24,926)	Transfers out
Issuance of refunding bonds	-	-	20,510	Issuance of refunding bonds
Premium on long-term debt	-	-	1,338	Premium on long-term debt
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>94,291</u>	Total other financing sources (uses)
NET CHANGE IN FUND BALANCES	(38)	-	454	NET CHANGE IN FUND BALANCES
Fund balances, beginning of year	19,611	1,391	79,951	Fund balances, beginning of year
FUND BALANCES, END OF YEAR	<u>\$ 19,573</u>	<u>\$ 1,391</u>	<u>\$ 80,405</u>	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Pension Obligation Bond Debt Service Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Investment earnings (loss)	\$ -	\$ -	\$ 616	\$ 616
Charges for services	34,163	1,504	1,730	226
Total revenues	<u>34,163</u>	<u>1,504</u>	<u>2,346</u>	<u>842</u>
EXPENDITURES:				
Current:				
General government	5,000	5,000	5,000	-
Debt service:				
Principal	12,275	12,275	12,275	-
Interest	16,887	16,887	16,887	-
Total expenditures	<u>34,162</u>	<u>34,162</u>	<u>34,162</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1	(32,658)	(31,816)	842
OTHER FINANCING SOURCES (USES):				
Transfers in	-	32,659	32,659	-
Total other financing sources (uses)	<u>-</u>	<u>32,659</u>	<u>32,659</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1	1	843	842
Fund balance, beginning of year	7,191	7,191	7,191	-
FUND BALANCE, END OF YEAR	<u>\$ 7,192</u>	<u>\$ 7,192</u>	<u>\$ 8,034</u>	<u>\$ 842</u>

CAPITAL PROJECTS FUNDS

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, 2014
(Dollars in Thousands)

	PSEC	CORAL	Flood Control	Regional Park and Open-Space
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Cash and investments	\$ 253	\$ -	\$ 45	\$ 7,682
Interest receivable	-	-	-	4
Due from other governments	-	-	-	416
Prepaid items	580	-	-	-
Restricted cash and investments	-	21,372	-	-
Total assets	<u>833</u>	<u>21,372</u>	<u>45</u>	<u>8,102</u>
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 833</u>	<u>\$ 21,372</u>	<u>\$ 45</u>	<u>\$ 8,102</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ -	\$ 742	\$ -	\$ 4
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>742</u>	<u>-</u>	<u>4</u>
Deferred inflows of resources	-	-	-	-
Fund balances (Note 16):				
Nonspendable	580	-	-	-
Restricted	-	17,227	45	8,098
Assigned	253	3,403	-	-
Total fund balances	<u>833</u>	<u>20,630</u>	<u>45</u>	<u>8,098</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 833</u>	<u>\$ 21,372</u>	<u>\$ 45</u>	<u>\$ 8,102</u>

	CREST	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Cash and investments	\$ 17,716	\$ 25,696	Cash and investments
Interest receivable	5	9	Interest receivable
Due from other governments	-	416	Due from other governments
Prepaid items	-	580	Prepaid items
Restricted cash and investments	-	21,372	Restricted cash and investments
Total assets	<u>17,721</u>	<u>48,073</u>	Total assets
Deferred outflows of resources	-	-	Deferred outflows of resources
Total assets and deferred outflows of resources	<u>\$ 17,721</u>	<u>\$ 48,073</u>	Total assets and deferred outflows of resources
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ 180	\$ 926	Accounts payable
Salaries and benefits payable	110	110	Salaries and benefits payable
Due to other funds	763	763	Due to other funds
Total liabilities	<u>1,053</u>	<u>1,799</u>	Total liabilities
Deferred inflows of resources	-	-	Deferred inflows of resources
Fund balances (Note 16):			
Nonspendable	-	580	Nonspendable
Restricted	3,405	28,775	Restricted
Assigned	13,263	16,919	Assigned
Total fund balances	<u>16,668</u>	<u>46,274</u>	Total fund balances
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,721</u>	<u>\$ 48,073</u>	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, 2014
 (Dollars in Thousands)

	PSEC	CORAL	Flood Control	Regional Park and Open-Space
REVENUES:				
Use of money and property:				
Investment earnings (loss)	\$ 1	\$ 9	\$ 1	\$ 48
Aid from other governmental agencies:				
State	-	-	-	740
Charges for services	-	-	-	-
Other revenue	67	-	-	-
Total revenues	<u>68</u>	<u>9</u>	<u>1</u>	<u>788</u>
EXPENDITURES:				
Current:				
General government	13	-	-	-
Recreation and culture	-	-	-	855
Capital outlay	-	52,878	1,007	-
Total expenditures	<u>13</u>	<u>52,878</u>	<u>1,007</u>	<u>855</u>
Excess (deficiency) of revenues over (under) expenditures	55	(52,869)	(1,006)	(67)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,943	900	1,647
Transfers out	-	(289)	-	(54)
Issuance of debt	-	64,000	-	-
Total other financing sources (uses)	<u>-</u>	<u>67,654</u>	<u>900</u>	<u>1,593</u>
NET CHANGE IN FUND BALANCES	55	14,785	(106)	1,526
Fund balances, beginning of year, as previously reported	778	5,845	151	8,843
Adjustments to beginning fund balances	-	-	-	(2,271)
Fund balances, beginning of year, restated	<u>778</u>	<u>5,845</u>	<u>151</u>	<u>6,572</u>
FUND BALANCES, END OF YEAR	<u>\$ 833</u>	<u>\$ 20,630</u>	<u>\$ 45</u>	<u>\$ 8,098</u>

	CREST	Total	
REVENUES:			
Use of money and property:			
Investment earnings (loss)	\$ 67	\$ 126	
Aid from other governmental agencies:			
State	-	740	
Charges for services	2,292	2,292	
Other revenue	-	67	
Total revenues	<u>2,359</u>	<u>3,225</u>	
EXPENDITURES:			
Current:			
General government	6,828	6,841	
Recreation and culture	-	855	
Capital outlay	-	53,885	
Total expenditures	<u>6,828</u>	<u>61,581</u>	
Excess (deficiency) of revenues over (under) expenditures	(4,469)	(58,356)	
OTHER FINANCING SOURCES (USES):			
Transfers in	7,932	14,422	
Transfers out	(59)	(402)	
Issuance of debt	-	64,000	
Total other financing sources (uses)	<u>7,873</u>	<u>78,020</u>	
NET CHANGE IN FUND BALANCES	3,404	19,664	
Fund balances, beginning of year, as previously reported	13,264	28,881	
Adjustments to beginning fund balances	-	(2,271)	
Fund balances, beginning of year, restated	<u>13,264</u>	<u>26,610</u>	
FUND BALANCES, END OF YEAR	<u>\$ 16,668</u>	<u>\$ 46,274</u>	

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 PSEC Capital Projects Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Investment earnings (loss)	\$ -	\$ -	\$ 1	\$ 1
Other revenue	-	-	67	67
Total revenues	-	-	68	68
EXPENDITURES:				
Current:				
General government	-	68	13	(55)
Total expenditures	-	68	13	(55)
Excess (deficiency) of revenues over (under) expenditures	-	(68)	55	123
NET CHANGE IN FUND BALANCE	-	(68)	55	123
Fund balance, beginning of year	778	778	778	-
FUND BALANCE, END OF YEAR	\$ 778	\$ 710	\$ 833	\$ 123

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Flood Control Capital Projects Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Investment earnings (loss)	\$ 1	\$ 1	\$ 1	\$ -
Other revenue	3,705	2,805	-	(2,805)
Total revenues	3,706	2,806	1	(2,805)
EXPENDITURES:				
Capital outlay	3,705	3,705	1,007	(2,698)
Total expenditures	3,705	3,705	1,007	(2,698)
Excess (deficiency) of revenues over (under) expenditures	1	(899)	(1,006)	(107)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	900	900	-
Total other financing sources (uses)	-	900	900	-
NET CHANGE IN FUND BALANCE	1	1	(106)	(107)
Fund balance, beginning of year	151	151	151	-
FUND BALANCE, END OF YEAR	\$ 152	\$ 152	\$ 45	\$ (107)

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Regional Park and Open-Space District Capital Projects Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Investment earnings (loss)	\$ 19	\$ 19	\$ 48	\$ 29
Aid from other governmental agencies:				
State	1,871	224	740	516
Other revenue	3,599	3,599	-	(3,599)
Total revenues	<u>5,489</u>	<u>3,842</u>	<u>788</u>	<u>(3,054)</u>
EXPENDITURES:				
Current:				
Recreation and culture	5,535	5,481	855	(4,626)
Total expenditures	<u>5,535</u>	<u>5,481</u>	<u>855</u>	<u>(4,626)</u>
Excess (deficiency) of revenues over (under) expenditures	(46)	(1,639)	(67)	1,572
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,647	1,647	-
Transfers out	-	(54)	(54)	-
Total other financing sources (uses)	<u>-</u>	<u>1,593</u>	<u>1,593</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(46)	(46)	1,526	1,572
Fund balance, beginning of year, as previously reported	8,843	8,843	8,843	-
Adjustments to beginning fund balance	-	-	(2,271)	(2,271)
Fund balance, beginning of year, as restated	<u>8,843</u>	<u>8,843</u>	<u>6,572</u>	<u>(2,271)</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,797</u>	<u>\$ 8,797</u>	<u>\$ 8,098</u>	<u>\$ (699)</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 CREST Capital Projects Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Investment earnings (loss)	\$ 15	\$ 15	\$ 67	\$ 52
Charges for services	2,458	2,458	2,292	(166)
Other revenue	9,518	1,586	-	(1,586)
Total revenues	<u>11,991</u>	<u>4,059</u>	<u>2,359</u>	<u>(1,700)</u>
EXPENDITURES:				
Current:				
General government	11,976	11,917	6,828	(5,089)
Total expenditures	<u>11,976</u>	<u>11,917</u>	<u>6,828</u>	<u>(5,089)</u>
Excess (deficiency) of revenues over (under) expenditures	15	(7,858)	(4,469)	3,389
OTHER FINANCING SOURCES (USES):				
Transfers in	-	7,932	7,932	-
Transfers out	-	(59)	(59)	-
Total other financing sources (uses)	<u>-</u>	<u>7,873</u>	<u>7,873</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	15	15	3,404	3,389
Fund balance, beginning of year	13,264	13,264	13,264	-
FUND BALANCE, END OF YEAR	<u>\$ 13,279</u>	<u>\$ 13,279</u>	<u>\$ 16,668</u>	<u>\$ 3,389</u>



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PERMANENT FUND

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, 2014
 (Dollars in Thousands)

	Perris Valley Cemetery Endowment Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	
Assets:	
Cash and investments	\$ 535
Total assets	<u>535</u>
Deferred outflows of resources	-
Total assets and deferred outflows of resources	<u>\$ 535</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:	
Liabilities:	
Total liabilities	\$ -
Deferred inflows of resources	-
Fund balances (Note 16):	
Nonspendable	508
Restricted	27
Total fund balances	<u>535</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 535</u>

COUNTY OF RIVERSIDE
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Permanent Fund
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Perris Valley Cemetery Endowment Fund
REVENUES:	
Interest	\$ 3
Charges for services	23
Total revenues	<u>26</u>
EXPENDITURES:	
Total expenditures	-
Excess (deficiency) of revenues over (under) expenditures	<u>26</u>
NET CHANGE IN FUND BALANCES	26
Fund balance, beginning of year	509
FUND BALANCE, END OF YEAR	<u><u>\$ 535</u></u>



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NONMAJOR ENTERPRISE FUNDS

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, 2014
 (Dollars in Thousands)

	County Service Areas	Flood Control	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 58	\$ 2,558	\$ 2,616
Accounts receivable-net	-	251	251
Interest receivable	-	5	5
Taxes receivable	12	-	12
Due from other governments	-	12	12
Due from other funds	-	1	1
Restricted cash and investments	-	2,880	2,880
Total current assets	<u>70</u>	<u>5,707</u>	<u>5,777</u>
Noncurrent assets:			
Capital assets:			
Depreciable assets	18	8	26
Total noncurrent assets	<u>18</u>	<u>8</u>	<u>26</u>
Total assets	<u>88</u>	<u>5,715</u>	<u>5,803</u>
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
LIABILITIES:			
Current liabilities:			
Accounts payable	16	2,925	2,941
Salaries and benefits payable	-	32	32
Due to other funds	-	3	3
Deposits payable	54	-	54
Other liabilities	-	150	150
Compensated absences	-	9	9
Total current liabilities	<u>70</u>	<u>3,119</u>	<u>3,189</u>
Noncurrent liabilities:			
Compensated absences	-	71	71
Total noncurrent liabilities	<u>-</u>	<u>71</u>	<u>71</u>
Total liabilities	<u>70</u>	<u>3,190</u>	<u>3,260</u>
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION:			
Net investment in capital assets	18	8	26
Unrestricted	-	2,517	2,517
Total net position	<u>\$ 18</u>	<u>\$ 2,525</u>	<u>\$ 2,543</u>

COUNTY OF RIVERSIDE
 Combining Statement of Revenues, Expenses, and Changes in Net Position
 Nonmajor Enterprise Funds
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	County Service Areas	Flood Control	Total
OPERATING REVENUES:			
Charges for services	\$ 356	\$ 1,515	\$ 1,871
Other	16	226	242
Total operating revenues	<u>372</u>	<u>1,741</u>	<u>2,113</u>
OPERATING EXPENSES:			
Personnel services	200	784	984
Insurance	1	-	1
Maintenance of building and equipment	62	4	66
Supplies	6	12	18
Purchased services	26	911	937
Depreciation and amortization	3	7	10
Rents and leases of equipment	-	7	7
Utilities	111	-	111
Other	20	34	54
Total operating expenses	<u>429</u>	<u>1,759</u>	<u>2,188</u>
Operating income (loss)	<u>(57)</u>	<u>(18)</u>	<u>(75)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	1	40	41
Total nonoperating revenues (expenses)	<u>1</u>	<u>40</u>	<u>41</u>
Income (loss) before transfers	(56)	22	(34)
Transfers in	15	26	41
Transfers out	(15)	-	(15)
CHANGE IN NET POSITION	<u>(56)</u>	<u>48</u>	<u>(8)</u>
Net position, beginning of year	74	2,477	2,551
NET POSITION, END OF YEAR	<u>\$ 18</u>	<u>\$ 2,525</u>	<u>\$ 2,543</u>

COUNTY OF RIVERSIDE
 Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	County Service Areas	Flood Control	Total
Cash flows from operating activities			
Cash receipts from customers / other funds	\$ 374	\$ 1,794	\$ 2,168
Cash paid to suppliers for goods and services	(225)	(898)	(1,123)
Cash paid to employees for services	(200)	(783)	(983)
Net cash provided by (used in) operating activities	<u>(51)</u>	<u>113</u>	<u>62</u>
Cash flows from noncapital financing activities			
Transfers received	15	26	41
Transfers paid	(15)	-	(15)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>26</u>	<u>26</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	-	(8)	(8)
Net cash used in capital and related financing activities	<u>-</u>	<u>(8)</u>	<u>(8)</u>
Cash flows from investing activities			
Interest received on investments	1	39	40
Net cash provided by investing activities	<u>1</u>	<u>39</u>	<u>40</u>
Net increase (decrease) in cash and cash equivalents	(50)	170	120
Cash and cash equivalents, beginning of year	108	5,268	5,376
Cash and cash equivalents, end of year	<u>\$ 58</u>	<u>\$ 5,438</u>	<u>\$ 5,496</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (57)	\$ (18)	\$ (75)
Adjustments to reconcile operating income (loss) to net cash			
Depreciation and amortization	3	7	10
Decrease (Increase) accounts receivable	-	52	52
Decrease (Increase) taxes receivable	2	14	16
Decrease (Increase) due from other funds	-	(1)	(1)
Decrease (Increase) due from other governments	-	(12)	(12)
Increase (Decrease) accounts payable	(2)	103	101
Increase (Decrease) due to other funds	-	(9)	(9)
Increase (Decrease) deposits payable	3	-	3
Increase (Decrease) other liabilities	-	(24)	(24)
Increase (Decrease) salaries and benefits payable	-	5	5
Increase (Decrease) compensated absences	-	(4)	(4)
Net cash provided by (used in) operating activities	<u>\$ (51)</u>	<u>\$ 113</u>	<u>\$ 62</u>

INTERNAL SERVICE FUNDS

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.

OASIS PROJECT

These funds were established to support the implementation, operation, and maintenance of the County's central administrative and financial information system. Revenue is obtained 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, 2014
(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
ASSETS:					
Current assets:					
Cash and investments	\$ 1,463	\$ 11,871	\$ 6,920	\$ 2,883	\$ 3,960
Accounts receivable-net	-	19	168	17	3
Interest receivable	1	3	1	1	1
Due from other government	-	170	43	74	48
Due from other funds	-	-	4	-	-
Inventories	-	740	1,119	231	361
Prepaid items and deposits	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total current assets	1,464	12,803	8,255	3,206	4,373
Noncurrent assets:					
Loans receivable	-	-	-	-	-
Capital assets:					
Nondepreciable assets	-	682	235	-	-
Depreciable assets	212	26,132	18,854	1,156	183
Total noncurrent assets	212	26,814	19,089	1,156	183
Total assets	1,676	39,617	27,344	4,362	4,556
DEFERRED OUTFLOWS OF RESOURCES					
-	-	-	-	-	-
LIABILITIES:					
Current liabilities:					
Accounts payable	2	1,059	329	54	525
Salaries and benefits payable	46	175	2,600	87	36
Due to other governments	-	-	-	-	7
Due to other funds	39	-	-	-	-
Other liabilities	-	1,558	-	-	50
Compensated absences	56	238	4,668	123	45
Capital lease obligation	-	5,512	1,004	-	-
Estimated claims liability	-	-	-	-	-
Total current liabilities	143	8,542	8,601	264	663
Noncurrent liabilities:					
Compensated absences	42	280	1,470	51	37
Advances from other funds	-	-	2,500	-	-
Capital lease obligation	-	6,627	16,741	-	-
Estimated claims liabilities	-	-	-	-	-
Total noncurrent liabilities	42	6,907	20,711	51	37
Total liabilities	185	15,449	29,312	315	700
DEFERRED INFLOWS OF RESOURCES					
-	-	-	-	-	-
NET POSITION:					
Net investment in capital assets	212	14,675	1,344	1,156	183
Unrestricted	1,279	9,493	(3,312)	2,891	3,673
Total net position	\$ 1,491	\$ 24,168	\$ (1,968)	\$ 4,047	\$ 3,856

	OASIS Project	Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total
ASSETS:						
Current assets:						
Cash and investments	\$ -	\$ 163,814	\$ 593	\$ 6,731	\$ 5,532	\$ 203,767
Accounts receivable-net	-	3,585	-	-	9	3,801
Interest receivable	-	71	-	1	2	81
Due from other government	-	-	-	367	-	702
Due from other funds	-	-	-	14	62	80
Inventories	-	-	-	175	235	2,861
Prepaid items and deposits	-	367	-	71	-	438
Advances to other funds	-	2,000	-	-	-	2,000
Total current assets	-	169,837	593	7,359	5,840	213,730
Noncurrent assets:						
Loans receivable	-	1,800	-	-	-	1,800
Capital assets:						
Nondepreciable assets	-	-	-	-	-	917
Depreciable assets	-	25	-	48	2,033	48,643
Total noncurrent assets	-	1,825	-	48	2,033	51,360
Total assets	-	171,662	593	7,407	7,873	265,090
DEFERRED OUTFLOWS OF RESOURCES						
-	-	-	-	-	-	-
LIABILITIES:						
Current liabilities:						
Accounts payable	-	20,511	29	1,807	133	24,449
Salaries and benefits payable	-	1,135	134	1,152	108	5,473
Due to other governments	-	-	-	1	2	10
Due to other funds	-	-	-	560	15	614
Other liabilities	-	3	-	460	-	2,071
Compensated absences	-	1,181	269	1,365	27	7,972
Capital lease obligation	-	-	-	-	-	6,516
Estimated claims liability	-	34,262	-	-	-	34,262
Total current liabilities	-	57,092	432	5,345	285	81,367
Noncurrent liabilities:						
Compensated absences	-	1,017	7	961	202	4,067
Advances from other funds	-	-	-	3,342	-	5,842
Capital lease obligation	-	-	-	-	-	23,368
Estimated claims liabilities	-	108,197	-	-	-	108,197
Total noncurrent liabilities	-	109,214	7	4,303	202	141,474
Total liabilities	-	166,306	439	9,648	487	222,841
DEFERRED INFLOWS OF RESOURCES						
-	-	-	-	-	-	-
NET POSITION:						
Net investment in capital assets	-	25	-	48	2,033	19,676
Unrestricted	-	5,331	154	(2,289)	5,353	22,573
Total net position	\$ -	\$ 5,356	\$ 154	\$ (2,241)	\$ 7,386	\$ 42,249

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2014
(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
OPERATING REVENUES:					
Charges for services	\$ 1,669	\$ 27,668	\$ 57,215	\$ 4,762	\$ 8,702
Other revenue	-	150	794	2,379	6,770
Total operating revenues	1,669	27,818	58,009	7,141	15,472
OPERATING EXPENSES:					
Cost of materials used	-	1,752	-	-	-
Personnel services	1,067	3,497	43,330	1,743	727
Communications	30	90	933	30	18
Insurance	33	75	205	13	17
Maintenance of building and equipment	62	2,878	6,539	470	177
Insurance claims	-	-	-	-	-
Supplies	21	10,417	763	3,124	14,531
Purchased services	5	844	3,464	992	256
Depreciation and amortization	26	7,606	6,374	271	20
Rents and leases of equipment	288	1,106	4,264	1	-
Utilities	33	113	1,057	22	13
Other	18	260	493	95	67
Total operating expenses	1,583	28,638	67,422	6,761	15,826
Operating income (loss)	86	(820)	(9,413)	380	(354)
NONOPERATING REVENUES (EXPENSES):					
Investment income (loss)	7	47	36	14	16
Interest expense	-	(131)	(753)	-	-
Gain (loss) on disposal of capital assets	-	122	12	-	-
Other nonoperating revenues (expenses)	-	(2)	-	-	-
Total nonoperating revenues (expenses)	7	36	(705)	14	16
Income (loss) before capital contributions	93	(784)	(10,118)	394	(338)
Capital contributions	-	38	-	-	-
Transfers in	-	-	3,795	-	-
Transfers out	(21)	(76)	(888)	(38)	(15)
CHANGE IN NET POSITION	72	(822)	(7,211)	356	(353)
Net position, beginning of year	1,419	24,990	5,243	3,691	4,209
NET POSITION, END OF YEAR	\$ 1,491	\$ 24,168	\$ (1,968)	\$ 4,047	\$ 3,856

OASIS Project	Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total	
\$ 17	\$ 40,733	\$ 4,233	\$ 82,492	\$ 1,265	\$ 228,756	OPERATING REVENUES:
-	13,888	2	13,270	5,504	42,757	Charges for services
17	54,621	4,235	95,762	6,769	271,513	Other revenue
-	-	-	-	56	1,808	Total operating revenues
-	14,996	2,948	22,817	2,277	93,402	OPERATING EXPENSES:
-	335	39	263	186	1,924	Cost of materials used
-	8,478	10	173	-	9,004	Personnel services
-	973	84	10,791	541	22,515	Communications
-	117,210	-	-	-	117,210	Insurance
-	4,434	160	2,058	1,256	36,764	Maintenance of building and equipment
-	4,873	1,346	9,190	1,138	22,108	Insurance claims
-	64	-	19	906	15,286	Supplies
-	1,417	259	48,437	3	55,775	Purchased services
-	81	18	1,299	-	2,636	Depreciation and amortization
-	2,928	164	1,305	306	5,636	Rents and leases of equipment
-	155,789	5,028	96,352	6,669	384,068	Utilities
17	(101,168)	(793)	(590)	100	(112,555)	Other
-	943	5	23	39	1,130	Total operating expenses
(1)	-	-	-	-	(885)	Operating income (loss)
-	-	-	-	74	208	NONOPERATING REVENUES (EXPENSES):
-	-	-	-	-	(2)	Investment income (loss)
(1)	943	5	23	113	451	Interest expense
16	(100,225)	(788)	(567)	213	(112,104)	Gain (loss) on disposal of capital assets
-	82,170	-	-	-	82,208	Other nonoperating revenues (expenses)
7	2,159	-	50	203	6,214	Total nonoperating revenues (expenses)
(3,764)	(2,468)	(547)	(464)	(3,014)	(11,295)	Income (loss) before capital contributions
(3,741)	(18,364)	(1,335)	(981)	(2,598)	(34,977)	Capital contributions
-	-	-	-	-	-	Transfers in
-	-	-	-	-	-	Transfers out
3,741	23,720	1,489	(1,260)	9,984	77,226	CHANGE IN NET POSITION
\$ -	\$ 5,356	\$ 154	\$ (2,241)	\$ 7,386	\$ 42,249	Net position, beginning of year
						NET POSITION, END OF YEAR

COUNTY OF RIVERSIDE
 Combining Statement of Cash Flows
 Internal Service Funds
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Records Management and Archives	Fleet Service	Information Services	Printing Services	Supply Services
Cash flows from operating activities					
Cash receipts from internal services provided	\$ 1,686	\$ 27,851	\$ 57,860	\$ 7,141	\$ 15,428
Cash paid to suppliers for goods and services	(474)	(16,110)	(17,044)	(4,809)	(14,590)
Cash paid to employees for services	(1,065)	(3,503)	(38,601)	(1,718)	(719)
Net cash provided (used) by operating activities	147	8,238	2,215	614	119
Cash flows from noncapital financing activities					
Advances from other funds	-	-	2,500	-	-
Advances to other funds	-	-	-	-	-
Transfers received	-	-	3,795	-	-
Transfers paid	(21)	(76)	(888)	(38)	(15)
Net cash provided (used) by noncapital financing activities	(21)	(76)	5,407	(38)	(15)
Cash flows from capital and related financing activities					
Proceeds on disposal of capital assets	-	120	12	-	-
Acquisition and construction of capital assets	-	(9,798)	(21,770)	(586)	-
Principal paid on capital leases	-	2,416	15,657	-	-
Capital contributions	-	38	-	-	-
Interest paid on long-term debt	-	(131)	(753)	-	-
Net cash provided (used) by capital and related financing activities	-	(7,355)	(6,854)	(586)	-
Cash flows from investing activities					
Interest received on investments	7	48	36	14	16
Net cash provided by investing activities	7	48	36	14	16
Net increase (decrease) in cash and cash equivalents	133	855	804	4	120
Cash and cash equivalents, beginning of year	1,330	11,016	6,116	2,879	3,840
Cash and cash equivalents, end of year	\$ 1,463	\$ 11,871	\$ 6,920	\$ 2,883	\$ 3,960

Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 86	\$ (820)	\$ (9,413)	\$ 380	\$ (354)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	26	7,606	6,374	271	20
Decrease (Increase) accounts receivable	-	(2)	(130)	-	4
Decrease (Increase) due from other funds	17	56	(4)	-	-
Decrease (Increase) due from other governments	-	(21)	(15)	-	(48)
Decrease (Increase) inventories	-	-	617	(4)	(11)
Decrease (Increase) prepaid items and deposits	-	-	-	-	-
Increase (Decrease) accounts payable	(1)	168	58	(33)	450
Increase (Decrease) due to other funds	17	-	(1)	-	-
Increase (Decrease) due to other governments	-	(1)	-	-	-
Increase (Decrease) other liabilities	-	1,258	-	(25)	50
Increase (Decrease) estimated claims liability	-	-	-	-	-
Increase (Decrease) salaries and benefits payable	(1)	17	1,335	8	4
Increase (Decrease) compensated absences	3	(23)	3,394	17	4
Net cash provided (used) by operating activities	\$ 147	\$ 8,238	\$ 2,215	\$ 614	\$ 119

Noncash investing, capital, and financing activities:
 Capital lease obligations \$ 8,945 \$ 18,537

	OASIS Project	Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total
Cash flows from operating activities						
Cash receipts from internal services provided	\$ 17	\$ 54,142	\$ 4,235	\$ 95,677	\$ 6,744	\$ 270,781
Cash paid to suppliers for goods and services	(6)	(137,907)	(2,093)	(72,206)	(3,536)	(268,775)
Cash paid to employees for services	(964)	(14,819)	(2,867)	(22,515)	(2,164)	(88,935)
Net cash provided (used) by operating activities	(953)	(98,584)	(725)	956	1,044	(86,929)
Cash flows from noncapital financing activities						
Advances from other funds	-	-	-	-	-	2,500
Advances to other funds	-	(2,000)	-	-	-	(2,000)
Transfers received	7	2,159	-	50	203	6,214
Transfers paid	(3,764)	(2,468)	(547)	(464)	(3,014)	(11,295)
Net cash provided (used) by noncapital financing activities	(3,757)	(2,309)	(547)	(414)	(2,811)	(4,581)
Cash flows from capital and related financing activities						
Proceeds on disposal of capital assets	-	(1,800)	-	-	74	(1,594)
Acquisition and construction of capital assets	447	(20)	-	-	(435)	(32,162)
Principal paid on capital leases	(289)	-	-	-	-	17,784
Capital contributions	-	82,170	-	-	-	82,208
Interest paid on long-term debt	(1)	-	-	-	-	(885)
Net cash provided (used) by capital and related financing activities	157	80,350	-	-	(361)	65,351
Cash flows from investing activities						
Interest received on investments	2	960	5	24	40	1,152
Net cash provided by investing activities	2	960	5	24	40	1,152
Net increase (decrease) in cash and cash equivalents	(4,551)	(19,583)	(1,267)	566	(2,088)	(25,007)
Cash and cash equivalents, beginning of year	4,551	183,397	1,860	6,165	7,620	228,774
Cash and cash equivalents, end of year	\$ -	\$ 163,814	\$ 593	\$ 6,731	\$ 5,532	\$ 203,767

Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 17	\$ (101,168)	\$ (793)	\$ (590)	\$ 100	\$ (112,555)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation and amortization	-	64	-	19	906	15,286
Decrease (Increase) accounts receivable	-	(479)	-	-	(2)	(609)
Decrease (Increase) due from other funds	-	-	-	(14)	(23)	32
Decrease (Increase) due from other governments	-	-	-	(71)	-	(155)
Decrease (Increase) inventories	-	-	-	15	1	618
Decrease (Increase) prepaid items and deposits	-	-	(62)	(8)	-	(70)
Increase (Decrease) accounts payable	(6)	(8,659)	(12)	548	(25)	(7,512)
Increase (Decrease) due to other funds	-	-	(1)	560	(28)	547
Increase (Decrease) due to other governments	-	-	-	1	2	2
Increase (Decrease) other liabilities	-	3	-	194	-	1,480
Increase (Decrease) estimated claims liability	-	11,540	-	-	-	11,540
Increase (Decrease) salaries and benefits payable	(251)	146	24	154	92	1,528
Increase (Decrease) compensated absences	(713)	31	57	148	21	2,939
Net cash provided (used) by operating activities	\$ (953)	\$ (98,584)	\$ (725)	\$ 956	\$ 1,044	\$ (86,929)

Noncash investing, capital, and financing activities:
 Capital lease obligations \$ (289) \$ 27,193



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FIDUCIARY FUNDS

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, 2014
(Dollars in Thousands)

	Other	Payroll Deductions	Property Tax Assessments	Warrants	Total
ASSETS:					
Cash and investments	\$ 106,043	\$ 11,115	\$ 80,826	\$ 96,195	\$ 294,179
Accounts receivable	386	-	-	-	386
Interest receivable	18	-	10	-	28
Taxes receivable	49	-	32,904	-	32,953
Due from other governments	426	-	-	-	426
Total assets	\$ 106,922	\$ 11,115	\$ 113,740	\$ 96,195	\$ 327,972
LIABILITIES:					
Accounts payable	\$ 77,544	\$ 11,115	\$ 654	\$ 96,195	\$ 185,508
Salaries and benefits payable	6	-	-	-	6
Due to other governments	29,372	-	113,086	-	142,458
Total liabilities	\$ 106,922	\$ 11,115	\$ 113,740	\$ 96,195	\$ 327,972

COUNTY OF RIVERSIDE
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2014
(Dollars in Thousands)

Other	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Assets</u>				
Cash and investments	\$ 87,556	\$ 5,229,391	\$ 5,210,904	\$ 106,043
Accounts receivable	47	4,457	4,118	386
Interest receivable	25	36	43	18
Taxes receivable	68	49	68	49
Due from other governments	350	428	352	426
Total assets	\$ 88,046	\$ 5,234,361	\$ 5,215,485	\$ 106,922
<u>Liabilities</u>				
Accounts payable	\$ 69,087	\$ 637,507	\$ 629,050	\$ 77,544
Salaries and benefits payable	6	6	6	6
Due to other governments	18,953	4,583,066	4,572,647	29,372
Total liabilities	\$ 88,046	\$ 5,220,579	\$ 5,201,703	\$ 106,922
<u>Payroll Deductions</u>				
<u>Assets</u>				
Cash and investments	\$ 11,123	\$ 1,948,846	\$ 1,948,854	\$ 11,115
Total assets	\$ 11,123	\$ 1,948,846	\$ 1,948,854	\$ 11,115
<u>Liabilities</u>				
Accounts payable	\$ 11,123	\$ 1,354,071	\$ 1,354,079	\$ 11,115
Total liabilities	\$ 11,123	\$ 1,354,071	\$ 1,354,079	\$ 11,115
<u>Property Tax Assessments</u>				
<u>Assets</u>				
Cash and investments	\$ 76,342	\$ 4,329,670	\$ 4,325,186	\$ 80,826
Interest receivable	13	21	24	10
Taxes receivable	36,065	32,904	36,065	32,904
Total assets	\$ 112,420	\$ 4,362,595	\$ 4,361,275	\$ 113,740
<u>Liabilities</u>				
Accounts payable	\$ 599	\$ 251,864	\$ 251,809	\$ 654
Due to other governments	111,821	4,348,187	4,346,922	113,086
Total liabilities	\$ 112,420	\$ 4,600,051	\$ 4,598,731	\$ 113,740

COUNTY OF RIVERSIDE
 Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Fiscal Year Ended June 30, 2014
 (Dollars in Thousands)

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Warrants				
<u>Assets</u>				
Cash and investments	\$ 51,752	\$ 9,833,177	\$ 9,788,734	\$ 96,195
Total assets	<u>\$ 51,752</u>	<u>\$ 9,833,177</u>	<u>\$ 9,788,734</u>	<u>\$ 96,195</u>
<u>Liabilities</u>				
Accounts payable	\$ 51,752	\$ 5,539,421	\$ 5,494,978	\$ 96,195
Total liabilities	<u>\$ 51,752</u>	<u>\$ 5,539,421</u>	<u>\$ 5,494,978</u>	<u>\$ 96,195</u>
Total Agency Funds				
<u>Assets</u>				
Cash and investments	\$ 226,773	\$ 21,341,084	\$ 21,273,678	\$ 294,179
Accounts receivable	47	4,457	4,118	386
Interest receivable	38	57	67	28
Taxes receivable	36,133	32,953	36,133	32,953
Due from other governments	350	428	352	426
Total assets	<u>\$ 263,341</u>	<u>\$ 21,378,979</u>	<u>\$ 21,314,348</u>	<u>\$ 327,972</u>
<u>Liabilities</u>				
Accounts payable	\$ 132,561	\$ 7,782,863	\$ 7,729,916	\$ 185,508
Salaries and benefits payable	6	6	6	6
Due to other governments	130,774	8,931,253	8,919,569	142,458
Total liabilities	<u>\$ 263,341</u>	<u>\$ 16,714,122</u>	<u>\$ 16,649,491</u>	<u>\$ 327,972</u>

STATISTICAL SECTION

Statistical Section

This section of the Riverside 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. The County implemented GASB Statement No. 34 in fiscal year 2001-02. Statistical Tables present information for the last eight years beginning with the first year after GASB Statement No. 34 implementation.

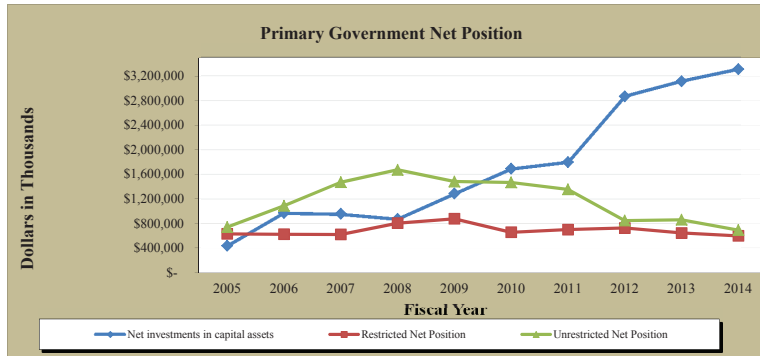
Table 1

COUNTY OF RIVERSIDE
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2014

	Fiscal Year ending June 30th				
	2014	2013	2012	2011	2010
Governmental activities					
Net investments in capital assets	\$ 3,165,319	\$ 2,998,987	\$ 2,740,429	\$ 1,687,128	\$ 1,594,275
Restricted	499,463	550,326	683,835	656,347	604,942
Unrestricted	718,105	771,883	851,269	1,295,657	1,395,141
Governmental activities, total net position	<u>\$ 4,382,887</u>	<u>\$ 4,321,196</u>	<u>\$ 4,275,533</u>	<u>\$ 3,639,132</u>	<u>\$ 3,594,358</u>
Business-type activities					
Net investments in capital assets	\$ 147,806	\$ 118,594	\$ 130,510	\$ 113,489	\$ 96,901
Restricted	96,904	94,346	41,103	43,086	50,386
Unrestricted	(27,903)	88,852	(5,456)	59,550	72,397
Business-type activities, total net position	<u>\$ 216,807</u>	<u>\$ 301,792</u>	<u>\$ 166,157</u>	<u>\$ 216,125</u>	<u>\$ 219,684</u>
Primary government					
Net investments in capital assets	\$ 3,313,125	\$ 3,117,581	\$ 2,870,939	\$ 1,800,617	\$ 1,691,176
Restricted	596,367	644,672	724,938	699,433	655,328
Unrestricted	690,202	860,735	845,813	1,355,207	1,467,538
Primary government, total net position	<u>\$ 4,599,694</u>	<u>\$ 4,622,988</u>	<u>\$ 4,441,690</u>	<u>\$ 3,855,257</u>	<u>\$ 3,814,042</u>

Table 1

	2009	2008	2007	2006	2005	
Governmental activities						
Net investments in capital assets	\$ 1,204,971	\$ 802,981	\$ 903,076	\$ 930,800	\$ 407,762	Net investments in capital assets
Restricted	824,139	769,368	569,477	582,037	584,441	Restricted
Unrestricted	1,402,813	1,572,150	1,370,350	999,992	671,917	Unrestricted
Governmental activities, total net position	<u>\$ 3,431,923</u>	<u>\$ 3,144,499</u>	<u>\$ 2,842,903</u>	<u>\$ 2,512,829</u>	<u>\$ 1,664,120</u>	Governmental activities, total net position
Business-type activities						
Net investments in capital assets	\$ 81,512	\$ 69,441	\$ 53,321	\$ 40,986	\$ 29,583	Net investments in capital assets
Restricted	52,502	36,074	50,629	41,287	45,362	Restricted
Unrestricted	80,238	101,683	100,567	85,971	67,502	Unrestricted
Business-type activities, total net position	<u>\$ 214,252</u>	<u>\$ 207,198</u>	<u>\$ 204,517</u>	<u>\$ 168,244</u>	<u>\$ 142,447</u>	Business-type activities, total net position
Primary government						
Net investments in capital assets	\$ 1,286,483	\$ 872,422	\$ 956,397	\$ 971,786	\$ 437,345	Net investments in capital assets
Restricted	876,641	805,442	620,106	623,324	629,803	Restricted
Unrestricted	1,483,051	1,673,833	1,470,917	1,085,963	739,419	Unrestricted
Primary government, total net position	<u>\$ 3,646,175</u>	<u>\$ 3,351,697</u>	<u>\$ 3,047,420</u>	<u>\$ 2,681,073</u>	<u>\$ 1,806,567</u>	Primary government, total net position



Source: Auditor-Controller, County of Riverside

Table 2

COUNTY OF RIVERSIDE
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2014

	Fiscal Year Ending June 30th				
	2014	2013	2012	2011	2010
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 162,926	\$ 138,851	\$ 147,510	\$ 159,570	\$ 140,723
Public protection	352,178	339,379	316,778	326,237	331,162
Other activities	100,791	110,231	116,509	105,931	95,438
Operating grants and contributions	1,593,627	1,503,390	1,447,694	1,393,016	1,384,791
Capital grants and contributions	29,890	27,695	27,909	32,114	31,112
Governmental activities program revenues	2,239,412	2,119,546	2,056,400	2,016,868	1,983,226
Business-type activities:					
Charges for services:					
Regional Medical Center	400,630	450,340	371,827	386,533	367,273
Other activities	155,336	150,407	133,838	140,327	134,257
Capital grants and contributions	450	698	335	-	1,165
Business-type activities program revenues	556,416	601,445	506,000	526,860	502,695
Primary government program revenues	2,795,828	2,720,991	2,562,400	2,543,728	2,485,921
Expenses					
Governmental activities:					
General government	228,146	194,641	270,474	298,032	323,949
Public protection	1,191,438	1,065,373	1,047,202	1,021,288	1,062,213
Public ways and facilities	108,380	89,469	84,797	87,424	31,024
Health and sanitation	460,963	422,982	374,950	369,984	347,634
Public assistance	851,246	807,611	827,092	907,202	820,637
Education	24,420	18,998	10,376	15,816	19,866
Recreation and cultural services	20,077	12,274	15,806	9,364	12,206
Interest on long-term debt	47,236	29,453	39,098	88,998	80,754
Governmental activities expenses	2,931,906	2,640,801	2,669,795	2,798,108	2,698,283
Business-type activities:					
Regional Medical Center	482,240	473,916	417,074	401,120	389,991
Waste Management Department	62,721	53,069	57,272	56,688	49,956
Housing Authority	94,716	90,678	91,469	86,027	81,426
Flood Control	2,561	2,472	2,306	3,711	3,233
County Service Areas	429	459	456	383	454
Business-type activities expenses	642,667	620,594	568,577	547,929	525,060
Primary government expenses	3,574,573	3,261,395	3,238,372	3,346,037	3,223,343
Net (expense)/revenue					
Governmental activities	(692,494)	(521,255)	(613,395)	(781,240)	(715,057)
Business-type activities	(86,251)	(19,149)	(62,577)	(21,069)	(22,365)
Primary government, net (expense) / revenue	\$ (778,745)	\$ (540,404)	\$ (675,972)	\$ (802,309)	\$ (737,422)

Source: Auditor-Controller, County of Riverside

Table 2

	Fiscal Year Ending June 30th				
	2009	2008	2007	2006	2005
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 143,644	\$ 171,403	\$ 171,070	\$ 174,781	\$ 125,937
Public protection	311,565	316,719	307,288	286,877	235,873
Other activities	100,819	123,483	130,837	113,413	97,182
Operating grants and contributions	1,344,611	1,315,716	1,210,941	1,100,674	983,290
Capital grants and contributions	29,771	25,333	48,186	31,001	64,252
Governmental activities program revenues	1,930,410	1,952,654	1,868,322	1,706,746	1,506,534
Business-type activities:					
Charges for services:					
Regional Medical Center	360,584	333,414	337,905	330,125	354,510
Other activities	139,206	146,065	137,706	135,266	125,945
Capital grants and contributions	310	306	261	227	-
Business-type activities program revenues	500,100	479,785	475,872	465,618	480,455
Primary government program revenues	2,430,510	2,432,439	2,344,194	2,172,364	1,986,989
Expenses					
Governmental activities:					
General government	285,393	331,741	296,917	259,993	187,911
Public protection	1,095,587	1,122,370	935,550	801,044	792,287
Public ways and facilities	31,283	20,558	57,578	61,443	79,649
Health and sanitation	392,945	330,206	350,082	350,451	290,001
Public assistance	770,484	752,779	688,213	634,522	552,298
Education	15,954	17,977	14,847	11,168	10,112
Recreation and cultural services	6,039	12,457	11,941	7,188	8,617
Interest on long-term debt	89,741	96,173	81,197	75,721	48,717
Governmental activities expenses	2,687,426	2,684,261	2,436,325	2,201,530	1,969,592
Business-type activities:					
Regional Medical Center	379,278	353,481	329,128	290,962	356,255
Waste Management Department	61,116	64,538	60,772	66,453	55,563
Housing Authority	81,139	74,252	70,218	62,909	62,206
Flood Control	3,816	5,201	6,242	5,705	4,928
County Service Areas	457	343	329	285	320
Business-type activities expenses	525,806	497,815	466,689	426,314	479,272
Primary government expenses	3,213,232	3,182,076	2,903,014	2,627,844	2,448,864
Net (expense)/revenue					
Governmental activities	(757,016)	(731,607)	(568,003)	(494,784)	(463,058)
Business-type activities	(25,706)	(18,030)	9,183	39,304	1,183
Primary government, net (expense) / revenue	\$ (782,722)	\$ (749,637)	\$ (558,820)	\$ (455,480)	\$ (461,875)

Continued

Table 2

COUNTY OF RIVERSIDE
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2014

	Fiscal Year Ending June 30th				
	2014	2013	2012	2011	2010
Continued:					
Primary government, net (expense) / revenue	\$ (778,745)	\$ (540,404)	\$ (675,972)	\$ (802,309)	\$ (737,422)
General revenues and other changes in net position					
Governmental activities:					
Taxes:					
Property taxes	297,107	277,417	322,337	367,867	440,282
Sales tax and use tax	35,443	29,751	26,744	45,489	36,289
Other taxes	27,764	37,883	6,715	9,004	8,610
Intergovernmental revenue - not restricted to programs:					
Unrestricted intergovernmental revenue	227,303	220,811	226,384	235,153	246,493
Fines, forfeitures, and penalties	-	-	-	-	-
Investment earnings	11,317	2,035	11,801	19,494	29,026
Other	167,992	168,454	169,398	142,966	91,044
Transfers	(9,645)	(1,049)	(11,702)	(10,355)	(17,436)
Governmental activities	757,281	735,302	751,677	809,618	834,308
Business-type activities:					
Investment earnings	1,319	(33)	907	538	1,442
Gain on sale of capital assets	-	-	-	-	-
Other	-	-	-	6,617	-
Transfers	9,645	1,049	11,702	10,355	17,436
Business-type activities	10,964	1,016	12,609	17,510	18,878
Total primary government	768,245	736,318	764,286	827,128	853,186
Change in net position					
Governmental activities	64,787	214,047	138,282	28,378	119,251
Business-type activities	(75,287)	(18,133)	(49,968)	(3,559)	(3,487)
Primary government change in net position	\$ (10,500)	\$ 195,914	\$ 88,314	\$ 24,819	\$ 115,764

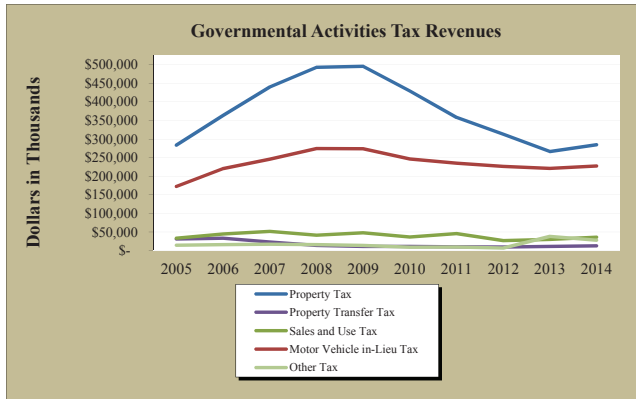
Table 2

	Fiscal Year Ending June 30th				
	2009	2008	2007	2006	2005
Continued:					
Primary government, net (expense) / revenue	\$ (782,722)	\$ (749,637)	\$ (558,820)	\$ (455,480)	\$ (461,875)
General revenues and other changes in net position					
Governmental activities:					
Taxes:					
Property taxes	506,222	506,327	462,817	396,167	314,666
Sales tax and use tax	47,683	40,985	51,093	44,286	33,091
Other taxes	13,771	15,898	16,865	15,603	13,885
Intergovernmental revenue - not restricted to programs:					
Unrestricted intergovernmental revenue	273,825	274,282	245,723	220,190	172,265
Fines, forfeitures, and penalties	-	-	-	-	70,578
Investment earnings	87,041	138,071	122,517	78,288	39,907
Other	121,880	85,924	13,191	96,265	99,330
Transfers	(25,713)	(10,322)	(16,892)	19,888	(31,000)
Governmental activities	1,024,709	1,051,165	895,314	870,687	712,722
Business-type activities:					
Investment earnings	6,142	10,389	10,198	6,381	4,234
Gain on sale of capital assets	-	-	-	-	346
Other	-	-	-	-	-
Transfers	25,713	10,322	16,892	(19,888)	31,000
Business-type activities	31,855	20,711	27,090	(13,507)	35,580
Total primary government	1,056,564	1,071,876	922,404	857,180	748,302
Change in net position					
Governmental activities	267,693	319,558	327,311	375,903	249,664
Business-type activities	6,149	2,681	36,273	25,797	36,763
Primary government change in net position	\$ 273,842	\$ 322,239	\$ 363,584	\$ 401,700	\$ 286,427

Table 3

COUNTY OF RIVERSIDE
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2014

Fiscal Year Ending June 30th	Property Tax	Property Transfer Tax	Sales and Use Tax	Unrestricted Intergovernmental Revenue	Other Tax	Total
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
2005	283,660	31,006	33,091	172,265	13,885	533,907



Source: Auditor-Controller, County of Riverside



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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, 2014

	Fiscal Year Ending June 30th				
	2014	2013	2012	2011	2010
General Fund					
Nonspendable	\$ 2,045	\$ 3,247	\$ 1,834	\$ 2,214	\$ 3,201
Restricted	117,595	101,440	101,651	98,552	93,653
Committed	32,820	42,183	52,439	50,097	250,444
Assigned	7,772	10,460	8,764	3,463	2,998
Unassigned	203,444	199,919	171,910	189,236	36,190
Total general fund	363,676	357,249	336,598	343,562	386,486
Transportation					
Nonspendable	1,101	1,044	1,014	-	-
Restricted	62,767	79,127	95,805	-	-
Committed	2,244	1,310	1,811	-	-
Assigned	14,063	12,821	4,935	-	-
Total transportation	80,175	94,302	103,565	-	-
Flood Control					
Nonspendable	1	1	1	1	1
Committed	258,580	253,117	252,368	237,211	222,944
Assigned	-	1,807	3,890	13,741	18,979
Total Flood Control	258,581	254,925	256,259	250,953	241,924
Public Facilities Improvements					
Restricted	123,860	153,404	131,184	158,628	200,501
Committed	3,000	1,912	-	6,451	10,850
Assigned	7,803	44,244	111,324	128,023	127,302
Total public facilities improvements	134,663	199,560	242,508	293,102	338,653
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	1,208	1,168	1,241	84,769	84,744
Restricted	182,139	174,552	354,214	410,787	434,900
Committed reported in:					
Special revenue funds	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	32,370	17,088	25,763	86,572	30,314
Total nonmajor governmental funds	225,467	208,722	394,514	606,405	557,715
Total all governmental funds	\$ 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

Table 4

COUNTY OF RIVERSIDE
Fund Balances of Governmental Funds
Last Ten Fiscal Years (Continued)
(Modified accrual basis of accounting)
(Dollars in Thousands)
June 30, 2014

	Fiscal Year Ending June 30th				
	2009	2008	2007	2006	2005
General Fund					
Reserved	\$ 91,196	\$ 84,466	\$ 88,233	\$ 100,436	\$ 121,249
Unreserved, designated	203,821	335,630	339,773	277,833	185,014
Unreserved, undesignated	77,104	58,672	142,958	68,649	46,191
Total general fund	372,121	478,768	570,964	446,918	352,454
Transportation					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total transportation	-	-	-	-	-
Flood Control					
Reserved	1,794	4,500	-	940	3,914
Unreserved, designated	30,149	1,755	134,396	133,906	-
Unreserved, undesignated	196,973	193,170	32,724	3,044	120,052
Total Flood Control	228,916	199,425	167,120	137,890	123,966
Public Facilities Improvements					
Reserved	538,431	590,915	256,338	222,983	175,699
Unreserved, undesignated	-	-	-	-	-
Total public facilities improvements	538,431	590,915	256,338	222,983	175,699
Redevelopment Capital Projects					
Reserved	189,627	122,036	269,263	88,391	61,460
Unreserved, undesignated	116,076	234,582	118,186	120,313	75,702
Total redevelopment capital projects	305,703	356,618	387,449	208,704	137,162
Nonmajor Governmental Funds					
Reserved	371,076	331,147	192,566	196,938	149,222
Unreserved, designated reported in:					
Special revenue funds	27,666	37,121	53,268	78,501	86,593
Capital projects funds	6,933	6,935	9,671	2,056	1,805
Unreserved, undesignated reported in:					
Special revenue funds	151,939	139,367	115,637	106,564	197,438
Capital projects funds	-	-	-	-	-
Total nonmajor governmental funds	557,614	514,570	371,142	384,059	435,058
Total all governmental funds	\$ 2,002,785	\$ 2,140,296	\$ 1,753,013	\$ 1,400,554	\$ 1,224,339

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, 2014

	Fiscal Year Ending June 30th				
	2014	2013	2012	2011	2010
Revenues					
Taxes	\$ 361,900	\$ 347,166	\$ 355,796	\$ 427,892	\$ 439,435
Licenses, permits, and franchise fees	20,377	18,798	19,513	20,294	19,197
Fines, forfeitures, and penalties	82,290	86,381	90,163	95,290	114,320
Use of money and property:					
Investments earnings (loss)	10,187	2,370	10,827	18,305	26,929
Rents and concessions	29,925	19,246	19,588	17,659	17,393
Aid from other governmental agencies:					
Federal	544,478	569,330	577,654	609,531	636,167
State	1,172,107	1,047,485	986,658	921,329	857,191
Other	136,461	132,120	156,678	130,362	172,598
Charges for services	483,346	464,274	449,888	458,744	469,340
Other revenue	88,055	91,329	95,119	95,279	65,711
Total revenues	<u>2,929,126</u>	<u>2,778,499</u>	<u>2,761,884</u>	<u>2,794,685</u>	<u>2,818,281</u>
Expenditures					
General government	214,212	208,242	291,227	311,025	554,315
Public protection	1,186,900	1,117,397	1,072,442	1,081,489	1,068,051
Public ways and facilities	177,965	177,467	168,015	176,184	130,310
Health and sanitation	421,494	393,557	375,668	353,904	341,244
Public assistance	851,061	798,850	802,104	824,471	812,848
Education	19,470	18,819	18,942	19,282	18,910
Recreation and culture	15,911	16,590	15,220	18,755	12,620
Debt service:					
Principal	70,840	55,363	65,002	80,928	73,378
Interest	45,953	27,988	49,041	83,902	78,689
Cost of issuance	623	378	15	5,212	1,819
Capital outlay	58,046	25,427	22,583	30,439	39,844
Total expenditures	<u>3,062,475</u>	<u>2,840,078</u>	<u>2,880,259</u>	<u>2,985,591</u>	<u>3,132,028</u>
Revenues over (under) expenditures	(133,349)	(61,579)	(118,375)	(190,906)	(313,747)
Other financing sources (uses)					
Transfers in	248,448	231,574	323,052	267,985	463,296
Transfers out	(253,012)	(233,809)	(332,724)	(277,943)	(479,143)
Issuance of debt	64,000	-	-	170,481	81,745
Issuance of refunding bonds	20,510	19,140	33,360	-	70,365
Discount on long-term debt	-	-	-	-	(626)
Premium on long-term debt	1,338	759	2,840	-	937
Redemption of refunded debt	-	(18,155)	(32,797)	-	-
Payment to escrow agent	-	-	-	-	(65,713)
Proceeds from the sale of capital assets	-	-	-	6	-
Capital leases	2,965	1,721	2,671	8,321	31,018
Total other financing sources (uses)	<u>84,249</u>	<u>1,230</u>	<u>(3,598)</u>	<u>168,850</u>	<u>101,879</u>
Net change in fund balances	<u>\$ (49,100)</u>	<u>\$ (60,349)</u>	<u>\$ (121,973)</u>	<u>\$ (22,056)</u>	<u>\$ (211,868)</u>
Debt service as a % of non-capital expenditures	4.21%	3.35%	4.50%	6.17%	5.85%

Source: Auditor-Controller, County of Riverside

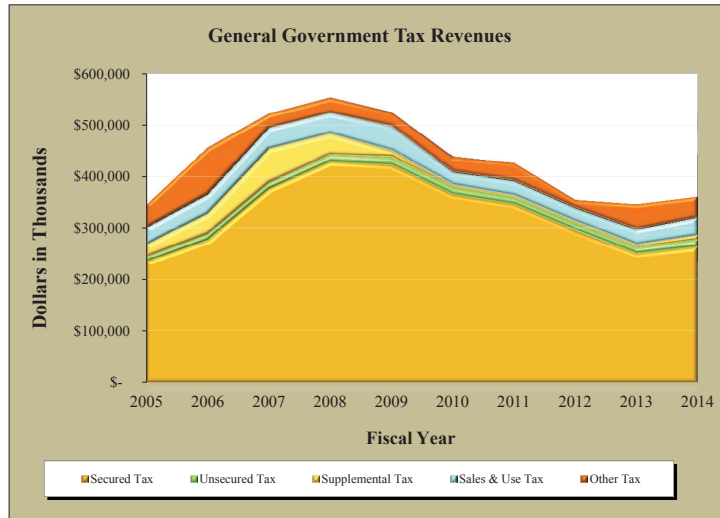
Table 5

	Fiscal Year Ending June 30th				
	2009	2008	2007	2006	2005
Revenues					
Taxes	\$ 525,238	\$ 553,158	\$ 523,028	\$ 457,117	\$ 346,248
Licenses, permits, and franchise fees	22,546	24,652	25,981	21,733	22,343
Fines, forfeitures, and penalties	108,572	92,029	82,946	62,984	70,578
Use of money and property:					
Investments earnings (loss)	81,040	128,307	113,789	73,838	37,624
Rents and concessions	17,151	15,486	43,171	41,798	39,831
Aid from other governmental agencies:					
Federal	546,030	544,587	496,685	451,036	446,628
State	955,389	971,299	937,630	830,634	705,289
Other	140,757	103,858	89,111	69,042	55,661
Charges for services	460,439	447,889	431,676	439,594	383,497
Other revenue	84,348	102,132	115,863	110,870	146,800
Total revenues	<u>2,941,510</u>	<u>2,983,397</u>	<u>2,859,880</u>	<u>2,558,646</u>	<u>2,254,499</u>
Expenditures					
General government	430,712	409,336	320,254	270,340	250,568
Public protection	1,126,662	1,083,719	972,006	855,133	1,039,822
Public ways and facilities	148,544	152,603	157,055	141,017	111,088
Health and sanitation	390,668	375,259	348,921	346,738	339,444
Public assistance	766,407	747,576	686,295	629,553	652,069
Education	15,731	17,907	14,830	11,108	9,889
Recreation and culture	12,801	11,647	11,707	12,727	20,058
Debt service:					
Principal	54,587	46,483	44,222	45,516	34,452
Interest	86,768	91,126	78,204	73,707	46,439
Cost of issuance	2,436	3,868	5,565	4,925	9,283
Capital outlay	48,899	36,691	58,525	25,639	9,680
Total expenditures	<u>3,084,215</u>	<u>2,976,215</u>	<u>2,697,584</u>	<u>2,416,403</u>	<u>2,522,792</u>
Revenues over (under) expenditures	(142,705)	7,182	162,296	142,243	(268,293)
Other financing sources (uses)					
Transfers in	538,029	805,400	313,044	294,835	203,411
Transfers out	(562,345)	(814,607)	(328,624)	(277,680)	(229,835)
Issuance of debt	-	294,084	34,173	178,750	596,330
Issuance of refunding bonds	78,895	111,125	259,600	-	74,200
Discount on long-term debt	-	(2,898)	-	-	-
Premium on long-term debt	-	3,272	2,876	857	4,827
Redemption of refunded debt	-	-	-	-	-
Payment to escrow agent	(76,300)	(24,290)	(103,396)	(35,684)	(53,338)
Proceeds from the sale of capital assets	-	1,159	916	2,064	35
Capital leases	22,746	8,670	8,811	7,929	6,616
Total other financing sources (uses)	<u>1,025</u>	<u>381,915</u>	<u>187,400</u>	<u>171,071</u>	<u>602,246</u>
Net change in fund balances	<u>\$ (141,680)</u>	<u>\$ 389,097</u>	<u>\$ 349,696</u>	<u>\$ 313,314</u>	<u>\$ 333,953</u>
Debt service as a % of non-capital expenditures	5.54%	5.28%	5.07%	5.47%	3.35%

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, 2014

Fiscal Year Ending June 30th	Secured Tax	Unsecured Tax	Supplemental Tax	Sales & Use Tax	Other Taxes	Total
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
2005	235,636	9,501	23,129	33,091	44,891	346,248



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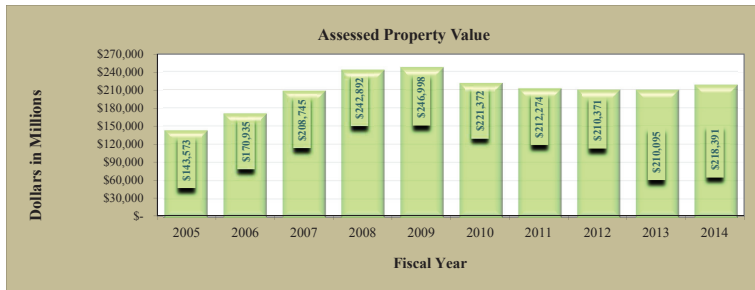
Table 7

COUNTY OF RIVERSIDE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2014

	Fiscal Year Ending June 30th				
	2014	2013	2012	2011	2010
Real property					
Secured property	\$ 210,523,063	\$ 201,971,552	\$ 202,313,851	\$ 204,153,163	\$ 213,144,336
Unsecured property	7,868,150	8,123,443	8,057,242	8,121,065	8,227,172
Total gross assessed value	218,391,213	210,094,995	210,371,093	212,274,228	221,371,508
Less:					
Tax-exempt real property	7,300,462	7,116,048	6,818,361	6,673,229	6,424,030
Total taxable assessed value	\$ 211,090,751	\$ 202,978,947	\$ 203,552,732	\$ 205,600,999	\$ 214,947,478
Total direct tax rate	1.1383	1.1434	1.1254	1.1254	1.1222
Estimated actual taxable value	\$ 281,454,335	\$ 270,638,596	\$ 271,403,643	\$ 274,134,665	\$ 286,596,637
Assessed value as a % of actual value	77.59%	77.63%	77.51%	77.43%	77.24%

Table 7

	2009	2008	2007	2006	2005
Real property					
Secured property	\$ 238,312,506	\$ 235,351,116	\$ 202,009,520	\$ 164,618,837	\$ 137,784,611
Unsecured property	8,685,393	7,540,803	6,735,421	6,316,569	5,787,971
Total gross assessed value	246,997,899	242,891,919	208,744,941	170,935,406	143,572,582
Less:					
Tax-exempt real property	6,111,231	5,574,813	5,125,567	5,014,256	4,730,573
Total taxable assessed value	\$ 240,886,668	\$ 237,317,106	\$ 203,619,374	\$ 165,921,150	\$ 138,842,009
Total direct tax rate	1.1095	1.0919	1.0772	1.0805	1.0866
Estimated actual taxable value	\$ 321,182,224	\$ 316,422,808	\$ 271,492,499	\$ 221,228,200	\$ 185,122,679
Assessed value as a % of actual value	76.90%	76.76%	76.89%	77.27%	77.56%



Source: Auditor-Controller, County of Riverside

Table 8

**COUNTY OF RIVERSIDE
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
June 30, 2014**

Fiscal Year Ending June 30th	County Direct Rates		Range of Overlapping Rates			
	Riverside County General Purpose	Debt Service	Total City Rate	Total School Districts Rate	Total Special Districts Rate	Total Direct & Overlapping Rates
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%
2005	1.00000%	0.08660%	.00529% to .01092%	.01192% to .09581%	0% to .50000%	1.08660% to 1.50000%

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, 2014**

Tax payer	Fiscal Year			
	2014		2005	
	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
So. California Edison Co.	\$ 27,265	0.92%	-	-
CPV Sentinel LLC	8,528	0.29%	-	-
Verizon California Inc.	7,445	0.25%	7,460	0.43%
So. California Gas Co.	6,464	0.22%	-	-
Inland Empire Energy Center, LLC	4,725	0.16%	-	-
Walgreen Co.	3,047	0.10%	-	-
So. California Edison Co.	-	-	7,276	0.42%
Tyler Mall LTD Partnership	2,986	0.10%	-	-
Time Warner Cable Pacific West LLC	2,923	0.10%	-	-
Lowes Hiw Inc.	2,740	0.09%	-	-
Target Corp	2,655	0.09%	-	-
Centex Homes	-	-	5,251	0.30%
KB Home Coastal Inc.	-	-	3,924	0.22%
So. California Gas Co.	-	-	3,621	0.21%
Pulte Home Corp	-	-	3,221	0.18%
Blythe Energy, LLC	-	-	3,099	0.18%
P.G.C. C.	-	-	2,906	0.17%
KSL Desert Resorts, Inc.	-	-	2,448	0.14%
Murdy S.P.†	-	-	2,338	0.13%
Total	\$ 68,778	2.32%	\$ 41,544	2.38%

Source: Treasurer-Tax Collector, County of Riverside

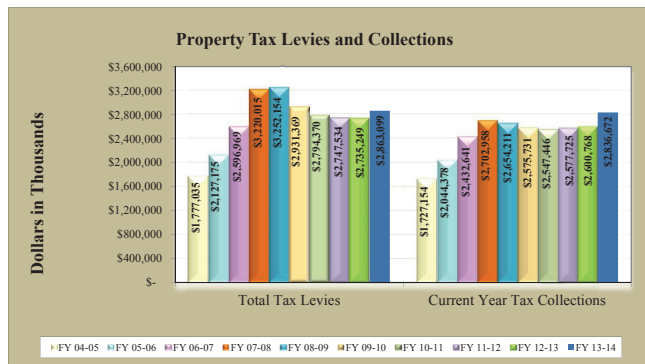
Table 10

COUNTY OF RIVERSIDE
Property Tax Levies and Collections
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2014

Fiscal Year Ending June 30th	Total Secured Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections as of 6/30	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 2,863,099	\$ 2,836,672	99.08%	\$ -	\$ 2,836,672	99.08%
2013	2,735,249	2,600,768	95.08%	74,320	2,675,088	97.80%
2012	2,747,534	2,577,725	93.82%	90,100	2,667,825	97.10%
2011	2,794,370	2,547,446	91.16%	104,466	2,651,912	94.90%
2010	2,931,369	2,575,731	87.87%	134,100	2,709,831	92.44%
2009	3,252,154	2,654,211	81.61%	199,368	2,853,579	87.74%
2008	3,220,015	2,702,958	83.94%	225,248	2,928,206	90.94%
2007	2,596,969	2,432,641	93.67%	131,299	2,563,940	98.73%
2006	2,127,175	1,972,483	92.73%	71,896	2,044,379	96.11%
2005	1,777,035	1,673,434	94.17%	53,720	1,727,154	97.19%



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*Delinquent taxes reported by year of collection; data by levy year unavailable.

Source: Auditor-Controller, County of Riverside

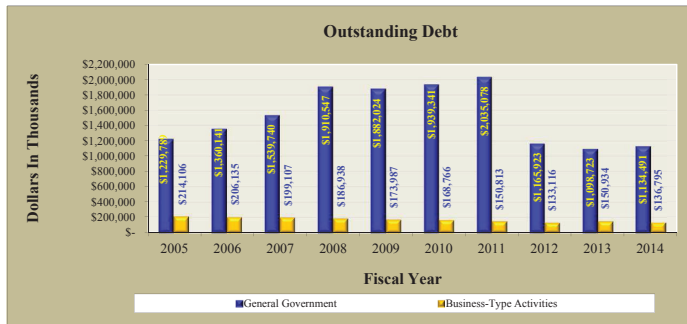
Table 11

COUNTY OF RIVERSIDE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita Amount)
June 30, 2014

	Fiscal Year Ending June 30th				
	2014	2013	2012	2011	2010
General government					
Bonds	\$ 810,186	\$ 744,460	\$ 750,492	\$ 1,551,323	\$ 1,408,017
Certificates of participation	240,593	282,095	309,511	367,272	385,447
Note and loans	3,890	4,420	4,925	5,355	21,987
Capital leases	79,822	67,748	100,995	111,128	123,890
Business-type activities					
Bonds	132,941	143,710	121,061	134,983	147,924
Certificates of participation	-	-	-	-	-
Capital leases	3,854	7,224	12,055	15,830	20,842
Total primary government	\$ 1,271,286	\$ 1,249,657	\$ 1,299,039	\$ 2,185,891	\$ 2,108,107
Percentage of personal income	1.64%	1.66%	1.78%	3.07%	3.37%
Per capita	\$ 558	\$ 554	\$ 583	\$ 986	\$ 985

Table 11

					Fiscal Year Ending June 30th									
					2009	2008	2007	2006	2005					
General government					\$ 1,359,277	\$ 1,086,397	\$ 806,398	\$ 814,443	\$ 678,028	General government				
Bonds					391,914	408,024	335,866	348,486	325,572	Bonds				
Certificates of participation					13,222	310,809	310,139	113,383	150,344	Certificates of participation				
Note and loans					117,611	105,317	87,337	83,829	75,845	Note and loans				
Capital leases										Capital leases				
Business-type activities					159,959	170,814	181,263	191,142	200,555	Business-type activities				
Bonds					-	-	-	-	1,040	Bonds				
Certificates of participation					-	-	-	-	-	Certificates of participation				
Capital leases					14,028	16,124	17,844	14,993	12,511	Capital leases				
Total primary government					\$ 2,056,011	\$ 2,097,485	\$ 1,738,847	\$ 1,566,276	\$ 1,443,895	Total primary government				
Percentage of personal income					3.28%	3.25%	2.90%	2.81%	2.92%	Percentage of personal income				
Per capita					\$ 975	\$ 1,004	\$ 856	\$ 807	\$ 769	Per capita				



Note: Per Capita is an estimate for fiscal years 2013 and 2014

Source: California State Department of Finance
Auditor-Controller, County of Riverside
Bureau of Economic Analysis

Table 12

COUNTY OF RIVERSIDE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita Amount)
June 30, 2014

	Fiscal Year Ending June 30th				
	2014	2013	2012	2011	2010
Bonds	\$ 943,127	\$ 888,170	\$ 871,553	\$ 1,686,306	\$ 1,555,941
Less:					
Amounts available in debt service fund	80,405	79,951	78,236	151,405	127,206
Total net obligation bonds outstanding	<u>\$ 862,722</u>	<u>\$ 808,219</u>	<u>\$ 793,317</u>	<u>\$ 1,534,901</u>	<u>\$ 1,428,735</u>
Percentage of estimated					
Actual taxable value of property	0.31%	0.30%	0.29%	0.56%	0.51%
Per capita	\$ 378	\$ 358	\$ 356	\$ 692	\$ 668

Table 12

					2009	2008	2007	2006	2005	
					\$ 1,519,236	\$ 1,257,211	\$ 987,661	\$ 1,005,585	\$ 878,583	Bonds
Less:										
Amounts available in debt service fund					147,568	119,597	73,308	79,935	61,941	Amounts available in debt service fund
Total net obligation bonds outstanding					<u>\$ 1,371,668</u>	<u>\$ 1,137,614</u>	<u>\$ 914,353</u>	<u>\$ 925,650</u>	<u>\$ 816,642</u>	Total net obligation bonds outstanding
Percentage of estimated										
Actual taxable value of property					0.43%	0.36%	0.34%	0.43%	0.32%	Actual taxable value of property
Per capita					\$ 651	\$ 545	\$ 450	\$ 477	\$ 435	Per capita

Table 13

COUNTY OF RIVERSIDE
Direct and Overlapping Governmental Activities Debt
as of June 30, 2014
(Dollars in Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Applicable Percentage</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 10,952,503	89.53%	<u>\$ 9,805,737</u>
Subtotal, overlapping debt			9,805,737
County of Riverside direct debt			<u>1,146,766</u>
Total direct and overlapping debt			<u><u>\$ 10,952,503</u></u>



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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 of Riverside. 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.

Table 14

COUNTY OF RIVERSIDE
Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2014

	Fiscal Year Ending June 30th				
	2014	2013	2012	2011	2010
Debt limit	\$ 2,638,634	\$ 2,537,237	\$ 2,544,409	\$ 2,570,012	\$ 2,686,843
Total net debt applicable to limit	<u>(862,722)</u>	<u>(808,219)</u>	<u>(793,317)</u>	<u>(1,534,901)</u>	<u>(1,428,735)</u>
Legal debt margin	<u>\$ 1,775,912</u>	<u>\$ 1,729,018</u>	<u>\$ 1,751,092</u>	<u>\$ 1,035,111</u>	<u>\$ 1,258,108</u>
Total net debt applicable to the limit as a percentage of debt limit	34.0%	31.8%	31.2%	59.7%	53.2%

Legal Debt Margin Calculated for Fiscal Year 2014

Assessed value	\$ 213,210,306
Less: Homeowners exemptions	<u>2,119,554</u>
Total assessed value	<u>211,090,751</u>
Debt limit (1.25% of total assessed value)	<u>2,638,634</u>
Debt applicable to limit:	
General obligation bonds (Governmental & Business-type)	943,127
Less: Amount set aside for repayment of general obligation debt	<u>80,405</u>
Total net debt applicable to limit	<u>862,722</u>
Legal debt margin	<u>\$ 1,775,912</u>

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 30th				
	2009	2008	2007	2006	2005
Debt limit	\$ 3,011,083	\$ 2,966,464	\$ 2,598,369	\$ 2,125,832	\$ 1,735,525
Total net debt applicable to limit	<u>(1,211,709)</u>	<u>(966,800)</u>	<u>(733,090)</u>	<u>(603,194)</u>	<u>(616,087)</u>
Legal debt margin	<u>\$ 1,799,374</u>	<u>\$ 1,999,664</u>	<u>\$ 1,865,279</u>	<u>\$ 1,522,638</u>	<u>\$ 1,119,438</u>
Total net debt applicable to the limit as a percentage of debt limit	40.2%	32.6%	28.2%	28.4%	35.5%

Table 15

COUNTY OF RIVERSIDE
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2014

Fiscal Year Ending June 30th	Lease Revenue Bonds						
	Revenue from Lease Payments	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2014	\$ 13,547	\$ 1,666	\$ 11,881	\$ 16,370	\$ 16,147	36.54%	
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%	
2005	21,601	676	20,925	11,175	17,551	72.84%	

Table 15

Fiscal Year	Inland Empire Tobacco Securitization Bonds						
	Revenue from Tobacco Settlement	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2014	\$ 9,283	\$ 105	\$ 9,178	\$ 2,435	\$ 6,781	99.59%	
2013	15,687	123	15,564	8,650	7,193	98.24%	
2012	9,462	107	9,355	1,655	5,301	134.49%	
2011	9,290	123	9,167	6,135	3,615	94.02%	
2010	6,496	155	6,341	3,610	3,794	85.64%	
2009	9,500	134	9,366	4,235	3,995	113.80%	
2008	7,798	2,448	5,350	3,785	3,306	75.45%	
2007	-	-	-	-	-	0.00%	
2006	-	-	-	-	-	0.00%	
2005	-	-	-	-	-	0.00%	

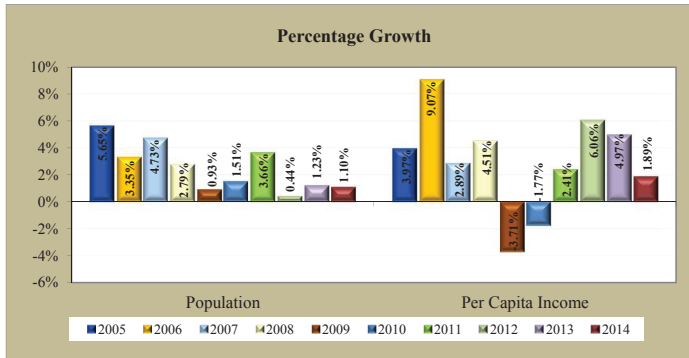
Note: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.

Source: Auditor-Controller, County of Riverside

Table 16

COUNTY OF RIVERSIDE
Demographic and Economic Statistics
Last Ten Fiscal Years
June 30, 2014

Fiscal Year Ending June 30th	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2014	2,279,967	\$ 76,626,000 ¹	\$ 33,949 ¹	426,227	8.40%
2013	2,255,059	74,082,000 ¹	33,320 ¹	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%
2005	1,877,000	49,443,185	26,342	380,267	5.20%



Notes 1: Projection based on 10 years' running average (2003 - 2012)
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, 2014

Employer	2014		2005	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
County of Riverside	19,916	2.30%	16,907	2.33%
March Air Reserve Base	8,500	0.98%	-	-
Stater Brothers Market	6,900	0.80%	5,600	0.77%
University of California Riverside	5,514	0.64%	-	-
Kaiser Permanente Riverside Medical Center	5,270	0.61%	2,893	0.40%
Pechanga Resort & Casino	4,500	0.52%	-	-
Corona-Norco Unified School District	4,300	0.50%	-	-
Wal-Mart	4,068	0.47%	-	-
Riverside Unified School District	4,000	0.46%	-	-
Hemet Unified School District	3,572	0.41%	-	-
Fleetwood Enterprises, Inc.	-	-	2,386	0.33%
Eisenhower Medical Center	-	-	1,972	0.27%
Valley Health System	-	-	1,756	0.24%
Riverside Community Hospital	-	-	1,641	0.23%
KSL Desert Resorts Inc.	-	-	1,600	0.22%
Ralph's Grocery Co.	-	-	1,500	0.21%
The Press Enterprise Co.	-	-	1,168	0.16%
Total	66,540	7.69%	37,423	5.16%

Source: Economic Development Agency

Table 18

COUNTY OF RIVERSIDE
Full-time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years
June 30, 2014

Function/Program	Full-time Equivalent Employees				
	2014	2013	2012	2011	2010
General government					
Legislative and administrative	86	89	81	87	98
Finance	415	399	405	411	438
Counsel	66	65	65	64	70
Personnel	157	154	159	172	167
Elections	24	25	34	39	42
Communication	-	-	11	11	12
Property management	394	397	507	531	500
Promotion	43	45	117	139	180
Other general	85	32	31	32	36
Public protection					
Judicial	1,239	1,221	1,294	1,345	1,444
Police protection	2,410	2,351	2,304	2,408	2,449
Detention and correction	2,216	2,169	2,085	2,067	2,076
Fire protection	212	212	200	198	188
Protection/inspection	83	86	86	87	100
Other protection	830	544	600	615	669
Administration	81	82	75	62	65
Public ways and facilities					
Public ways	375	370	411	413	465
Parking facilities	17	20	18	18	20
Health and sanitation					
Health	2,075	1,959	2,118	2,063	2,024
Hospital care	35	37	34	31	31
Public health ambulatory care	-	266	-	-	-
California children's services	139	134	140	138	143
Public assistance					
Aid programs	3,610	3,484	3,334	3,089	3,132
Veterans' services	13	13	12	12	12
Other assistance	271	291	289	355	348
Education, recreation and culture					
Library services	7	7	10	1	-
Agricultural extension	5	5	5	5	5
Cultural services	2	2	3	3	3
County business-type functions					
Hospital care	2,517	2,581	2,351	2,295	2,246
Sanitation	153	153	160	174	198
Internal service	2,763	2,641	2,775	2,315	2,418
Special districts/Component units	719	693	660	591	547
Total	21,042	20,527	20,374	19,771	20,126

Note: Temporary employees, 2,500, filled as of 5/01/14, are included in the total number employees.
 Source: County of Riverside, FY2014-15 Recommended Budget

Table 18

Function/Program	Full-time Equivalent Employees				
	2009	2008	2007	2006	2005
General government					
Legislative and administrative	92	96	92	93	87
Finance	456	522	477	445	424
Counsel	69	69	69	58	52
Personnel	182	216	191	179	160
Elections	41	40	39	31	34
Communication	11	10	-	-	-
Property management	494	468	387	323	305
Promotion	186	177	168	142	126
Other general	36	39	-	-	1
Public protection					
Judicial	1,485	1,506	1,371	1,204	1,150
Police protection	2,586	2,474	2,354	2,113	1,926
Detention and correction	2,220	2,174	1,972	1,811	1,748
Fire protection	190	199	165	145	126
Protection/inspection	98	114	274	254	233
Other protection	737	778	541	523	441
Administration	58	60	50	39	36
Public ways and facilities					
Public ways	506	532	517	497	488
Parking facilities	-	-	-	-	-
Health and sanitation					
Health	2,075	2,214	2,023	1,939	1,862
Hospital care	30	30	31	28	30
Public health ambulatory care	-	-	-	-	-
California children's services	148	168	159	152	143
Public assistance					
Aid programs	3,159	3,297	2,948	2,841	2,796
Veterans' services	12	13	12	11	10
Other assistance	285	305	302	283	309
Education, recreation and culture					
Library services	1	1	1	1	1
Agricultural extension	5	6	5	5	4
Cultural services	3	2	2	2	2
County business-type functions					
Hospital care	2,186	2,097	1,889	1,680	1,589
Sanitation	211	206	170	158	149
Internal service	1,723	2,202	2,934	2,538	2,147
Special districts/Component units	533	534	526	540	528
Total	19,818	20,549	19,669	18,035	16,907

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function
Last Ten Fiscal Years
June 30, 2014

Function/Program	Fiscal Year Ending June 30th				
	2014	2013	2012	2011	2010
Agricultural Commissioner					
Export phytosanitary certificates	16,067	18,346	19,875	20,406	25,745
Pesticide use inspections	834	783	793	764	682
Weights and measures regulated	138,321	138,547	137,727	134,290	131,175
Agriculture quality inspections	524	456	553	693	643
Plant pest inspections	11,635	10,361	11,931	9,584	9,667
Nursery acreage inspected	7,064	6,156	6,920	6,338	6,923
Weights and measures inspected	80,461	63,653	51,074	56,751	77,278
Assessor-Clerk-Recorder					
Assessments	909,432	906,467	904,706	904,040	941,928
Official records recorded	530,777	648,812	592,531	612,804	673,674
Vital records copies issued	85,309	78,405	78,768	80,391	87,194
Official records copies issued	22,329	32,792	26,153	28,990	26,348
Auditor-Controller					
Invoices paid	425,003	426,660	389,798	412,374	488,192
Vendor warrants (checks) issued	232,034	259,458	255,463	265,979	300,428
Active vendors	84,680	80,011	78,887	65,090	64,761
Payroll warrants (checks) issued	524,990	509,376	509,468	506,870	532,904
Average payroll warrants (checks) per pay period	20,192	19,591	19,595	19,495	19,737
Audits per fiscal year	34	25	26	26	30
Tax bills levied	998,203	984,268	972,577	999,241	977,115
Tax refunds/roll changes processed	38,739	63,500	79,606	123,476	115,904
Community Action Partnership					
Utility assistance (households)	16,087	13,911	21,912	22,207	27,956
Weatherization (households)	479	179	842	1,375	2,083
Energy education attendees	4,991	6,368	14,950	13,807	11,725
Disaster relief (residents)	24,274	11,316	13,968	12,058	17,989
Income tax returns prepared	3,453	3,111	2,711	3,006	2,257
After school programs (students)	20,700	19,200	20,700	18,400	13,800
Homeless program (bed nights)	-	-	-	-	-
Homeless program (meals)	-	-	-	-	-
Leadership program enrollment	-	-	166	593	182
Mediation (cases)	2,723	1,905	2,181	2,178	2,237
Public Health					
Facilities inspections	35,325	32,045	36,201	31,801	31,213
Environmental Health					
Patient visits	124,099	135,795	109,870	106,532	142,617
Patient services	363,442	353,269	392,621	390,607	313,409
Animal Control Services					
Animal impounds	37,037	35,201	36,518	49,408	62,770
Spays and neuters	13,690	11,908	9,771	8,305	7,225
Animal licenses	122,105	-	-	-	-

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 FY2008
d - Phytosanitary = Plant pest cleanliness
e - Pesticide Use Inspections = Environmental monitoring

Source: Various County Departments

Table 19

Function/Program	Fiscal Year Ending June 30th				
	2009	2008	2007	2006	2005
Agricultural Commissioner					
Export phytosanitary certificates	36,772	29,288	22,266	21,746	20,037 d
Pesticide use inspections	831	903	840	1,199	1,105 e
Weights and measures regulated	129,528	129,726	121,986	120,211	114,529
Agriculture quality inspections	668	643	1,061	541	1,067
Plant pest inspections	48,944	25,987	14,532	4,975	5,933
Nursery acreage inspected	7,627	7,851	9,226	7,382	7,431
Weights and measures inspected	80,862	83,269	97,039	150,308	101,223
Assessor-Clerk-Recorder					
Assessments	942,174	938,462	920,555	896,998	859,413
Official records recorded	682,708	773,308	957,123	1,082,688	1,039,166
Vital records copies issued	97,422	97,427	88,640	82,015	73,379
Official records copies issued	33,135	34,711	35,319	35,691	36,480
Auditor-Controller					
Invoices paid	522,097	504,866	449,367	457,439	472,942
Vendor warrants (checks) issued	320,613	255,767	237,645	235,044	242,763
Active vendors	59,685	75,575	68,358	62,699	56,686
Payroll warrants (checks) issued	532,202	522,215	496,386	469,692	449,011
Average payroll warrants (checks) per pay period	20,469	20,085	19,092	18,065	17,270
Audits per fiscal year	30	31	34	37	20
Tax bills levied	974,041	1,004,076	1,069,352	1,039,358	988,487
Tax refunds/roll changes processed	152,672	89,527	98,769	124,973	93,718
Community Action Partnership					
Utility assistance (households)	12,869	9,902	13,337	10,944	11,783
Weatherization (households)	1,033	853	465	801	795
Energy education attendees	10,775	19,396	14,590	10,389	11,508 a
Disaster relief (residents)	15,336	16,366	13,551	8,605	1,514 b
Income tax returns prepared	2,011	1,828	1,384	2,651	- b
After school programs (students)	11,000	10,905	10,905	537	51
Homeless program (bed nights)	-	12,822	13,198	31,328	40,245 c
Homeless program (meals)	-	25,644	26,396	142,578	372,048 c
Leadership program enrollment	-	209	-	113	11 b
Mediation (cases)	1,821	2,144	2,133	2,099	2,002
Public Health					
Facilities inspections	34,273	33,009	31,760	32,000	40,642
Environmental Health					
Patient visits	125,767	149,223	139,885	123,843	135,539
Patient services	466,800	601,889	438,639	369,041	339,095
Animal Control Services					
Animal impounds	71,834	30,305	27,362	29,206	20,467
Spays and neuters	8,480	7,208	5,645	5,806	2,401
Animal licenses	-	-	-	-	-

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function
Last Ten Fiscal Years
June 30, 2014

Function/Program	Fiscal Year Ending June 30th				
	2014	2013	2012	2011	2010
County Library					
Total circulation - books	3,023,637	3,059,094	3,387,218	3,724,657	3,718,343
Reference questions answered	371,953	434,057	441,269	404,913	370,619
Patron door count	3,919,125	4,148,012	4,080,738	731,699	3,599,064
Programs offered	6,819	6,521	8,382	7,624	7,214
Program attendance	139,223	143,053	163,692	163,416	148,612
County Regional Medical Center					
Emergency room treatments	88,853	119,606	101,952	99,706	96,993
Emergency room services - MH	13,531	14,275	16,750	15,376	14,288
Clinic visits	124,255	125,471	127,546	129,041	131,624
Admissions	22,738	24,260	23,949	23,638	23,536
Patient days	118,467	124,599	121,949	123,250	121,915
Discharges	22,773	24,279	23,694	23,668	23,559
Fire					
Medical assistance	99,058	97,054	96,843	97,066	94,193
Fires extinguished	13,632	13,517	12,990	4,271	4,449
Other services	20,846	20,049	11,856	16,522	17,076
Communities served	94	94	78	78	78
Mental Health					
Mental health clients (crisis/long-term care)	39,765	37,591	35,696	33,260	30,657
Substance abuse clients	15,457	15,755	17,849	16,987	16,736
Detention clients	13,188	11,899	10,544	8,874	10,831
Probate conservatorship clients	379	355	351	424	474
Mental health conservatorship clients	942	858	879	832	675
Probation					
Adults on probation	16,922	17,406	14,992	16,271	17,790
Juveniles in secure detention	156	194	193	225	248
Juveniles in treatment facilities	79	86	107	128	125
Juveniles in detention facilities	7,154	8,505	9,148	10,741	11,385
Public Social Services					
CalWORKs clients	33,159	33,341	33,682	33,412	31,022
Food stamp clients	121,949	116,333	107,076	91,606	74,484
Medi-Cal clients	186,911	135,570	130,562	124,061	116,758
In-home support services	23,061	20,641	19,070	18,201	16,852
Foster care placements	3,725	3,237	3,113	3,130	3,085
Child welfare services	9,958	9,178	9,664	9,916	9,591
Homeless program (bed nights)	8,296	8,296	8,331	10,746	12,900
Homeless program (meals)	16,592	16,592	16,660	21,494	25,800

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 FY2008

Source: Various County Departments

Table 19

Function/Program	Fiscal Year Ending June 30th				
	2009	2008	2007	2006	2005
County Library					
Total circulation - books	3,464,547	3,280,929	2,352,624	2,051,276	2,324,539
Reference questions answered	382,795	426,533	383,428	454,590	430,226
Patron door count	3,170,424	2,744,576	2,352,403	2,433,646	2,226,360
Programs offered	5,618	5,570	4,546	2,353	2,274
Program attendance	127,717	103,393	80,100	84,994	45,605
County Regional Medical Center					
Emergency room treatments	88,459	82,584	76,666	73,448	68,105
Emergency room services - MH	9,702	7,867	7,624	7,536	8,076
Clinic visits	129,171	124,318	123,479	106,943	109,568
Admissions	23,253	23,433	24,393	22,262	21,723
Patient days	118,452	115,811	112,138	105,203	96,820
Discharges	23,238	23,440	24,430	22,244	21,741
Fire					
Medical assistance	91,707	89,404	89,329	86,129	80,484
Fires extinguished	4,406	5,659	6,372	5,060	14,696
Other services	18,486	19,472	16,310	19,035	10,870
Communities served	78	78	78	78	78
Mental Health					
Mental health clients (crisis/long-term care)	30,065	29,814	28,476	26,435	26,578
Substance abuse clients	18,712	17,746	18,597	18,120	18,188
Detention clients	12,781	9,441	5,522	6,351	6,041
Probate conservatorship clients	256	206	232	266	281
Mental health conservatorship clients	240	279	279	294	275
Probation					
Adults on probation	17,469	17,022	15,974	16,051	13,937
Juveniles in secure detention	241	293	343	322	310
Juveniles in treatment facilities	112	113	126	113	98
Juveniles in detention facilities	10,783	12,463	14,283	13,218	12,405
Public Social Services					
CalWORKs clients	26,905	22,310	20,336	19,880	20,846
Food stamp clients	52,877	36,339	30,781	28,749	27,992
Medi-Cal clients	107,904	101,542	105,578	108,887	110,994
In-home support services	16,307	14,845	13,934	12,590	12,171
Foster care placements	3,486	5,057	4,306	5,175	5,088
Child welfare services	10,217	11,912	12,333	11,639	11,153
Homeless program (bed nights)	10,854	-	-	-	-
Homeless program (meals)	21,707	-	-	-	-

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function
Last Ten Fiscal Years
June 30, 2014

Function/Program	Fiscal Year Ending June 30th				
	2014	2013	2012	2011	2010
Registrar of Voters					
Voting precincts	846	1,218	853	1,649	2,370
Polling places	545	642	522	746	1,158
Voters a	887,000	943,402	852,217	1,009,933	1,815,892
Poll workers	2,200	2,960	2,300	3,281	4,186
Sheriff					
Number of bookings	60,826	57,330	53,691	53,974	55,306
Coroner case load	12,164	11,639	10,947	10,555	10,027
Calls for services b	176,339	172,664	176,062	232,821	255,601
TLMA - Building & Safety					
Building permits issued	905	1116	836	863	1,568
Building plans checked	799	908	740	817	1,537
Building structures inspected	957	901	676	1168	1,774
Veterans' Services					
Phone inquiries answered	31,445	36,107	36,707	43,617	41,569
Client interviews	17,448	14,714	14,990	15,630	25,209
Claims filed	5,998	5,735	6,030	5,485	5,581
Emails	3,138	-	-	-	-
Waste Management					
Landfill tonnage	1,383,266	1,102,626	1,071,309	1,071,394	1,032,942
Recycling tonnage	2,503	2,679	2,206	2,499	1,803

Notes: a - Number of voters that were mailed voting materials for all elections in the fiscal year
 b - Unincorporated areas
 c - Program not yet started / not tracked

Source: Various County Departments

Table 19

Function/Program	Fiscal Year Ending June 30th				
	2009	2008	2007	2006	2005
Registrar of Voters					
Voting precincts	2,387	3,474	1,472	1,872	1,160
Polling places	1,205	2,017	610	1,060	613
Voters	1,747,556	1,705,406	931,821	1,658,509	870,300
Poll workers	6,287	8,355	2,622	3,992	2,692
Sheriff					
Number of bookings	62,007	59,054	61,697	56,926	55,375
Coroner case load	9,582	9,394	9,212	8,943	8,558
Calls for services	302,400	280,000	279,415	250,000	240,182
TLMA - Building & Safety					
Building permits issued	1,337	2,658	5,786	10,232	9,980
Building plans checked	1,220	2,328	5,151	8,759	8,251
Building structures inspected	2,650	4,506	8,580	9,593	8,182
Veterans' Services					
Phone inquiries answered	39,393	29,553	23,287	21,917	25,276 c
Client interviews	13,955	10,571	8,199	7,467	7,559 c
Claims filed	5,812	5,194	3,786	3,372	3,503 c
Emails	-	-	-	-	- c
Waste Management					
Landfill tonnage	1,024,267	1,220,124	1,325,284	1,423,469	1,328,935
Recycling tonnage	2,356	3,385	3,048	3,758	2,619

Table 20

COUNTY OF RIVERSIDE
Capital Asset Statistics by Function
Last Ten Fiscal Years
June 30, 2014

Function/Program	Fiscal Year Ending June 30th				
	2014	2013	2012	2011	2010
County Libraries					
Branch libraries	35	35	33	33	33
Book mobiles	2	2	2	2	2
Books in collection	1,393,689	1,657,925	1,570,834	1,668,434	1,612,925
County Regional Medical Center					
Major clinics	4	4	4	4	4
Routine and specialty clinics	44	37	32	30	30
Beds licensed	439	439	439	439	439
Fire					
Stations	37	38	42	46	49
Trucks	145	142	145	156	154
Parks and Recreation					
Regional parks	11	11	11	12	12
Historic sites	5	5	5	4	4
Nature centers	4	4	4	4	4
Archaeological sites	6	6	6	6	6
Wildlife reserves	9	9	9	9	9
RV and mobile home parks	3	3	3	3	3
Managed areas	5	5	5	5	5
Recreational facilities	3	2	2	2	-
Sheriff					
Patrol stations	10	10	10	10	10
Patrol vehicles	928	916	915	896	883
Waste Management					
Landfills	6	6	6	6	6
Capacity in tons	54,230,474	54,230,474	54,189,339	54,177,558	51,794,663

Source: Various County Departments

Table 20

Function/Program	Fiscal Year Ending June 30th				
	2009	2008	2007	2006	2005
County Libraries					
Branch libraries	33	33	29	29	29
Book mobiles	2	2	2	2	2
Books in collection	1,564,186	1,552,108	1,784,149	1,221,744	1,477,670
County Regional Medical Center					
Major clinics	4	4	4	4	4
Routine and specialty clinics	30	30	30	30	30
Beds licensed	439	439	439	439	439
Fire					
Stations	49	49	49	48	48
Trucks	149	143	141	135	125
Parks and Recreation					
Regional parks	13	13	13	13	13
Historic sites	6	6	6	6	6
Nature centers	5	5	5	5	5
Archaeological sites	7	7	7	7	7
Wildlife reserves	16	16	16	16	16
RV and mobile home parks	-	-	-	-	-
Managed areas	-	-	-	-	-
Recreational facilities	-	-	-	-	-
Sheriff					
Patrol stations	10	10	10	10	10
Patrol vehicles	923	974	702	598	583
Waste Management					
Landfills	6	6	6	7	7
Capacity in tons	51,794,663	51,609,663	51,609,663	52,392,284	50,948,302

Riverside County Comprehensive Annual Financial Report



**Paul Angulo, CPA, M.A.
County Auditor-Controller**

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Note, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, proposes to render its final approving opinion with respect to the Note in substantially the following form:

[Date of Delivery]

County of Riverside
Riverside, California

County of Riverside
2015 Tax and Revenue Anticipation Note
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Riverside, California (the “County”) in connection with the issuance of \$250,000,000 aggregate principal amount of notes, designated the “County of Riverside 2015 Tax and Revenue Anticipation Note” (the “Note”), issued under and by authority of a resolution of the Board of Supervisors of the County duly passed and adopted on May 19, 2015 (the “Resolution”), under and by authority of Article 7.6, Chapter 4, Part 1, Division 2 of Title 5 (commencing with Section 53850) of the California Government Code.

In such connection, we have reviewed the Resolution, the Tax Certificate of the County, dated the date hereof (the “Tax Certificate”), an opinion of counsel to the County, certificates of the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions, and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Note has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Note to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Note, the Resolution and the Tax Certificate, and their enforceability, may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting

creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the documents mentioned in the preceding sentence. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Note, and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note constitutes the valid and binding obligation of the County. The principal of and interest on the Note are payable from Pledged Revenues (as that term is defined in the Resolution), and to the extent not so paid, are payable from any other moneys of the County lawfully available therefor.

2. Interest on the Note is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. Interest on the Note is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Note.

Faithfully yours,

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is entered into by the County of Riverside (the “County”) in connection with the issuance by the County of Riverside of its \$250,000,000 aggregate principal amount of County of Riverside 2015-2016 Tax and Revenue Anticipation Note (the “Note”). The Note is being issued pursuant to a Resolution adopted by the Board of Supervisors of the County on May 19, 2015 (the “Resolution”). 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 Note 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 Resolution, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

“*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 Note (including persons holding a Note through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Note 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 Underwriters*” means any of the original purchasers of the Note required to comply with the Rule in connection with the offering of the Note.

“*Quarterly Report*” means any Quarterly Report of the County provided by the County pursuant to and as described in Section 3 of this Certificate.

“*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. Provision of Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than 40 days after the end of the fiscal quarters ending September 30, 2015, December 31, 2015 and March 31, 2016, provide to the Repository, in such format accompanied by such identifying information as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information, copies of the Quarterly Report of the County, which is consistent with the requirements of subsection (b) below. Each Quarterly Report may include by reference other information as required by this Certificate. The County shall provide a written certification with each Quarterly Report filed with the Dissemination Agent to the effect that such Quarterly Report constitutes the Quarterly Report required to be submitted by the County hereunder. The Dissemination Agent may conclusively rely upon such certification of the County.

(b) The County's Quarterly Report shall contain or include by reference information regarding the County's cash flow in the fiscal quarter most recently ended, including comparative information to the projected cash flow included in the Official Statement.

(c) The Dissemination Agent (if one has been appointed) shall:

(i) determine prior to the date for providing the Quarterly Report the name and address of the Repository; and

(ii) if the Quarterly Report has been furnished to the Dissemination Agent, file a report with the County certifying that the Quarterly Report has been provided pursuant to this Certificate, stating the date it was provided.

Section 4. 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 Note 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 Note, or other material events affecting the tax status of the Note;

- (vii) modifications to the rights of Owners of the Note, 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 Note, 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 Note pursuant to the Resolution.

Section 5. 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 Note 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 Note, the County shall give notice of such termination in the same manner as for a Listed Event under Subsection 4(c).

Section 6. 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 7. 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 or Subsection 4(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 Note, 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 Note, 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 Note in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Owners of the Note, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Note.

In the event of any amendment or waiver of a provision of this Certificate, the County shall describe such amendment in its next Quarterly 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 8. 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 Quarterly 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 Quarterly 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 Quarterly Report or notice of occurrence of a Listed Event.

Section 9. 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 Note 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 Resolution with respect to the Note, 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 10. 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 Note.

Section 11. Beneficiaries. This Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters, the Owners and Beneficial Owners from time to time of the Note, and shall create no rights in any other person or entity.

Section 12. Governing Law. This Certificate shall be governed by the laws of the State of California and the federal securities laws.

COUNTY OF RIVERSIDE

By _____
Authorized Officer

EXHIBIT A

**FORM OF NOTICE TO REPOSITORIES
OF FAILURE TO FILE REPORT**

Name of Issuer: County of Riverside, California
Name of Bond Issue: \$250,000,000 County of Riverside 2015-2016 Tax and Revenue Anticipation Note
Issuance Date: July 1, 2015

NOTICE IS HEREBY GIVEN that the COUNTY OF RIVERSIDE (the "County") has not provided the Quarterly Report with respect to the above-named Note as required by Section 3 of the Continuing Disclosure Certificate, dated as of July 1, 2015, executed and delivered by the County. The County anticipates that such report will be filed by _____.

Dated: _____

COUNTY OF RIVERSIDE

By _____
Authorized Officer

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

The information in this APPENDIX E concerning DTC and its book-entry system has been obtained from DTC and the County takes no responsibility for the completeness or accuracy thereof. The County cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Note, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Note, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Note, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this APPENDIX E. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

DTC will act as securities depository for the Note. The Note 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 Note certificate will be issued for each maturity of the Note, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Paying Agent.

DTC 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, as amended. 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 Bonds 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 a Standard & Poor's rating of "AA." The DTC Rules applicable to Direct 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. The County has not undertaken any responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on the websites described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

Purchases of the Note under the DTC system must be made by or through Direct Participants, which will receive a credit for the Note on DTC's records. The ownership interest of each actual

purchaser of the Note (“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 Note 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 the Note, except in the event that use of the book-entry system for the Note is discontinued.

To facilitate subsequent transfers, all Note 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 Note 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 Note; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Note 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.

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.

While the Note is in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Note is being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Note unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent 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 the Note is credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Note 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 County, the Paying Agent on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Direct and Indirect 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 Direct and Indirect Participant and not of DTC, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal 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 County 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.

DTC may discontinue providing its services as depository with respect to the Note at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Note are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Note will be printed and delivered to the registered holders of the Note.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF THE NOTE AND WILL NOT BE RECOGNIZED BY THE PAYING AGENT AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE PARTICIPANTS.

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APPENDIX F
FORM OF RESOLUTION

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1 COUNTY OF RIVERSIDE

2 RESOLUTION NO. 2015-___

3 RESOLUTION AUTHORIZING AND APPROVING THE BORROWING
4 OF FUNDS FOR FISCAL YEAR 2015-2016; THE ISSUANCE AND SALE
5 OF A 2015-2016 TAX AND REVENUE ANTICIPATION NOTE; AND THE
6 EXECUTION AND DELIVERY OF RELATED DOCUMENTS

7 WHEREAS, the County of Riverside (the "County") is authorized by Section
8 53850 to 53858, both inclusive, of the Government Code of the State of California (the "Act")
9 (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow
10 money by the issuance of temporary notes;

11 WHEREAS, the Board of Supervisors of the County (the "Board") has
12 determined that a sum (the "Principal Amount") not to exceed a maximum principal amount of
13 \$275,000,000, is needed for the requirements of the County, to satisfy obligations of the County,
14 and that it is necessary that said Principal Amount be borrowed for such purpose at this time by
15 the issuance of a note or notes therefore in anticipation of the receipt of taxes, income, revenue,
16 cash receipts and other moneys to be received or accrued by the County for the general fund of
17 the County, and provided for or attributable to its fiscal year ending June 30, 2016 ("Repayment
18 Fiscal Year");

19 WHEREAS, the County hereby determines to borrow, for the purposes set forth
20 above, the Principal Amount by the issuance of the Note, as hereinafter defined;

21 WHEREAS, it appears, and this Board hereby finds and determines, that the
22 Principal Amount, when added to the interest payable thereon, does not exceed eighty-five
23 percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including, but
24 not limited to, revenue from the state and federal governments), cash receipts and other moneys
25 of the County provided for or attributable to the Repayment Fiscal Year, and available for the
26 payment of the principal of the Note and the interest thereon;

27 WHEREAS, no money has heretofore been borrowed by or on behalf of the
28 County through the issuance of tax and revenue anticipation notes or temporary notes in
anticipation of the receipt of, or payable from or secured by, taxes, income, revenue, cash receipts
or other moneys for the Repayment Fiscal Year;

WHEREAS, pursuant to Section 53856 of the Act, certain moneys which will be
received or accrued by the County and provided for or attributable to the Repayment Fiscal Year
can be pledged for the payment of the principal of the Note and the interest thereon (as hereinafter
provided);

WHEREAS, The Bank of New York Mellon Trust Company, N.A. has agreed to
act as paying agent (the "Paying Agent") with respect to the Note;

WHEREAS, the Underwriter appointed in Section 21 hereof, intends to submit an
offer to purchase the Note and has submitted a form of Note Purchase Agreement (the "Purchase

1 Agreement”) to the Board;

2 **WHEREAS**, a form of the Preliminary Official Statement describing the Note will
3 be distributed to potential purchasers of the Note by the Underwriter;

4 **WHEREAS**, this Board has been presented with the form of each document
5 hereinafter referred to relating to the Note, and the Board has examined and approved each
6 document and desires to authorize and direct the execution of such documents and the issuance of
7 the Note;

8 **WHEREAS**, the County has determined that it may be desirable to provide for the
9 issuance of an additional parity note (the “Parity Note”) during the Repayment Fiscal Year, the
10 principal and interest on which are secured by Pledged Revenues, hereinafter defined, on a parity
11 with the Note; and

12 **NOW, THEREFORE**, this Board hereby finds, determines, declares and resolves
13 as follows:

14 **Section 1. Recitals.** All the above recitals are true and correct.

15 **Section 2. Authorization of Issuance.** This Board hereby determines to borrow
16 solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to
17 be received or accrued by the County for the general fund of the County and provided for or
18 attributable to the Repayment Fiscal Year, by the issuance of a note or notes, pursuant to the
19 provisions of the Act, designated the County’s “2015 Tax and Revenue Anticipation Note,” with
20 an appropriate series designation if more than one note is issued (collectively, the “Note”), to be
21 issued in the form of a fully registered note or notes, in denominations of \$5,000 or integral
22 multiples thereof, in a combined amount not to exceed the Principal Amount, to be dated the date
23 of delivery to the initial purchaser thereof, to mature on a date or dates, if more than one note is
24 issued, with or without option of prior redemption at the election of the County, not more than 15
25 months thereafter on a date indicated on the face thereof and determined in the Purchase
26 Agreement (each such date, a “Maturity Date”), and to bear interest, payable on its Maturity Date
27 (and if the Maturity Date is more than 12 months from the date of issuance, payable on the
28 interim interest payment date set forth in the Purchase Agreement) and computed upon the basis
of a 360-day year consisting of twelve 30-day months, or a 365- or 366-day year, as the case may
be, and actual days elapsed, at a rate or rates, if more than one Note is issued, not to exceed 12%
per annum as determined in the Purchase Agreement and indicated on the face of the Note (the
“Note Rate”). If the Note is not fully paid at maturity, the unpaid portion thereof shall be deemed
outstanding and shall continue to bear interest thereafter until paid. In each case set forth in the
preceding two sentences, the obligation of the County with respect to such unpaid Note shall not
be a debt or liability of the County prohibited by Article XVI, Section 18 of the California
Constitution, and the County shall not be liable thereon except to the extent of any available
revenues provided for or attributable to the Repayment Fiscal Year, as provided in Section 7
hereof. Both the principal of and interest on the Note shall be payable in lawful money of the
United States of America.

Section 3. Form of Note. The Note shall be issued in fully registered form
without coupons and shall be substantially in the form and substance set forth in Exhibit A, as

1 attached hereto and by reference incorporated herein, the blanks in said form to be filled in with
2 appropriate words and figures as determined at closing.

3 **Section 4. Sale of Note; Purchase Agreement; Continuing Disclosure.** The
4 form of the Purchase Agreement presented to this meeting is hereby approved. The County
5 Executive Officer, or in the absence of such officer, his or her assistant, the County Treasurer-Tax
6 Collector, or in the absence of such officer, his or her assistant, and the Auditor-Controller, or in
7 the absence of such officer, his or her assistant (each a "County Officer") are each hereby
8 individually authorized and directed to execute and deliver such Purchase Agreement in
9 substantially said form, with such changes thereto as such County Officer shall approve, such
10 approval to be conclusively evidenced by his or her execution and delivery thereof; *provided,*
11 *however,* that the interest rate on the Note shall not exceed 12% per annum, and that the
12 Underwriter's discount on the Note shall not exceed 0.05% of the Principal Amount actually
13 issued. Delivery of an executed copy of the Purchase Agreement by fax or telecopy shall be
14 deemed effective upon execution and delivery for all purposes.

15 The form of instrument, entitled "Continuing Disclosure Certificate," to be dated
16 as of its date of execution, in substantially the form presented to this meeting, is hereby approved.
17 Any County Officer is authorized and directed to execute and deliver on behalf of the County an
18 instrument in substantially said form, with such changes therein as such officer executing such
19 instrument may require or approve, such approval to be conclusively evidenced by the execution
20 and delivery thereof.

21 **Section 5. Official Statement.** The proposed form of preliminary official
22 statement (the "Preliminary Official Statement") relating to the Note, in substantially the form
23 presented to this meeting, is hereby approved with such changes, additions, completion and
24 corrections as any County Officer may approve, and the Underwriter is hereby authorized and
25 directed to cause to be distributed to prospective bidders the Preliminary Official Statement in
26 connection with the offering and sale of the Note. Such Preliminary Official Statement, together
27 with any supplements thereto, shall be in form "deemed final" by the County for purposes of Rule
28 15c2-12, promulgated by the Securities and Exchange Commission (the "Rule"), unless otherwise
exempt, but is subject to revision, amendment and completion in a final official statement (the
"Official Statement"). The Official Statement in substantially said form is hereby authorized and
approved, with such changes therein as any County Officer may approve. The County Officer is
hereby authorized and directed, at or after the time of the sale of the Note, for and in the name
and on behalf of the County, to execute a final Official Statement in substantially the form of the
Preliminary Official Statement presented to this meeting, with such additions thereto or changes
therein as the County Officer may approve, such approval to be conclusively evidenced by the
execution and delivery thereof.

Any one of the County Officers is hereby authorized and directed to provide the
Financial Advisor or the Underwriter with such information relating to the County as they shall
reasonably request for inclusion in the Preliminary Official Statement and Official Statement of
the County. Upon inclusion of the information relating to the County therein, the Preliminary
Official Statement is, except for certain omissions permitted by the Rule, hereby deemed final
within the meaning of the Rule. If, at any time prior to the end of the underwriting period, as
defined in the Rule, any event occurs as a result of which the information contained in the
Preliminary Official Statement might include an untrue statement of a material fact or omit to

1 state any material fact necessary to make the statements therein, in light of the circumstances
2 under which they were made, not misleading, the County shall promptly notify the Underwriter
and the Financial Advisor.

3 **Section 6. Disposition of Proceeds of Note; Investment.** The moneys received
4 from the sale of the Note shall be deposited in the County's "2015 Note Proceeds Account"
5 (herein called the "Proceeds Account") which Proceeds Account is hereby established and
6 maintained with the County Treasurer-Tax Collector. The moneys received from the sale of the
Note deposited in the County's Proceeds Account may be used and expended by the County for
any purpose for which it is authorized to expend funds.

7 All moneys in the Proceeds Account shall be invested in Permitted Investments (as
8 hereinafter defined), and the proceeds of such investments shall be retained in the Proceeds
Account.

9 "Permitted Investments" means any of the following to the extent then permitted
10 by law:

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

19 2. Obligations of instrumentalities or agencies of the United States of
20 America. These are specifically limited to:

- 21 -- Federal Home Loan Mortgage Corporation (FHLMC)
22 Participation certificates (excluded are stripped mortgage securities
23 which are purchased at prices exceeding their principal amounts)
24 Debt Obligations
- 25 -- Federal Home Loan Banks (FHL Banks)
26 Consolidated debt obligation
- 27 -- Federal National Mortgage Association (FNMA)
28 Debt obligations
Mortgage backed securities (Excluded are stripped mortgage
securities-which are purchased at prices exceeding their principal
amounts).

1 Book entry securities listed in 1 and 2 above must be held in a trust account with
2 the Federal Reserve Bank or with a clearing corporation or chain of clearing
3 corporations which has an account with the Federal Reserve Bank.

- 3 3. Federal Housing Administration debentures.
- 4 4. Commercial paper, payable in the United States of America, having
5 original maturities of not more than 92 days and which are rated SP-1 by
6 S&P and MIG-1 by Moody's.
- 7 5. Interest bearing demand or time deposits issued by state banks or trust
8 companies, savings and loan associations, federal savings banks or any
9 national banking associations, the deposits of which are insured by the
10 Bank Insurance Fund (BIF) or the Savings Association Insurance Fund of
11 the Federal Deposit Insurance Corporation (SAIF) or any successors
12 thereto. These deposits: (a) must be continuously and fully insured by BIF
13 or SAIF, or (b) must have maturities of less than 366 days and be deposited
14 with banks the short term obligations of which are rated SP-1 by S&P and
15 MIG-1 by Moody's.
- 16 6. Money market mutual funds or portfolios investing in short-term US
17 Treasury securities rated AAAm or AAAm-G by S&P and Aaa by
18 Moody's.
- 19 7. Investment agreements, funding agreements or guaranteed investment
20 contracts approved by the Riverside County Treasurer-Tax Collector with a
21 financial institution rated in one of the two highest rating categories by
22 both Moody's and S&P without regard to plus, minus or numerical
23 notation. Such agreement or contract must contain downgrade covenants
24 providing that in the event of a rating downgrade of the provider below
25 Aa3 by Moodys or AA- by S&P, the agreement or contract shall require
26 the provider to notify the Riverside County Treasurer-Tax Collector in
27 writing of such downgrade within five (5) business days of such
28 downgrade event; thereafter, at the provider's option, the provider shall
either (a) assign the agreement or contract and all of its obligations
thereunder to a then qualified financial institution acceptable to the
Riverside County Treasurer-Tax Collector, or (b) collateralize the
agreement or contract with U.S. Treasury or Government Agency securities
at 105% of principal and interest, marked-to-market weekly with a three
(3) business day cure period for deficiencies. Such collateral must be held
by an independent third party acting for the benefit of the County of
Riverside and must be free and clear of any liens. A downgrade below A3
by Moodys or A- by S&P of the provider or any substituted provider
pursuant to an assignment, shall allow for the immediate withdrawal of all
monies then invested in the agreement or contract at no premium or penalty
to the County of Riverside.

- 1 8. Repurchase agreements with financial institutions or banks insured by the
2 FDIC or FSLIC, or any broker dealer with “retail customers” which falls
3 under the jurisdiction of the Securities Investors Protection Corporation
4 (SIPC), or any other financial institutions, provided that: (a) the repurchase
5 agreement is over-collateralization at one hundred two percent (102%),
6 computed weekly, consisting of securities as described in clauses (1) and
7 (2) above; (b) a third party custodian, the Trustee or the Federal Reserve
8 Bank shall have possession of such obligations; (c) the Trustee shall have
9 perfected a first priority security interest in such obligations; and (d) failure
10 to maintain the requisite collateral percentage will require the Trustee to
11 liquidate the collateral;
- 12 9. The Local Agency Investment Fund administered by the State of
13 California.
- 14 10. Investment Trust of California, doing business as CalTRUST.
- 15 11. The Pooled Investment Fund maintained by the County Treasurer-Tax
16 Collector.

17 **Section 7. Source of Payment; Parity Note.** The principal amount of the Note,
18 together with the interest thereon, shall be payable from taxes, income, revenue (including, but
19 not limited to, revenue from the state and federal governments), cash receipts and other moneys
20 which are accrued, received or held by the County for the general fund of the County and are
21 provided for or attributable to the Repayment Fiscal Year and which are available for payment of
22 current expenses and other obligations of the County (“Unrestricted Revenues”). As security for
23 the payment of the principal of and interest on the Note, the County hereby pledges all
24 Unrestricted Revenues (the “Pledged Revenues”), and the principal of the Note and the interest
25 thereon shall constitute a first lien and charge thereon and shall be payable from the moneys
26 received by the County from such Pledged Revenues and, to the extent not so paid, shall be paid
27 from any other taxes, income, revenue, cash receipts and other moneys of the County lawfully
28 available therefor (all as provided for in Sections 53856 and 53857 of the Act). Anything herein
to the contrary notwithstanding, Unrestricted Revenues pledged to the payment of the Note as
Pledged Revenues shall not include any amounts heretofore pledged by the County to the
payment of County of Riverside Teeter Plan obligations issued pursuant to Resolution No. 97-
203, as such resolution may be amended and supplemented from time to time. The County may
incur indebtedness secured by a pledge of its Pledged Revenues subordinate to the pledge of
Pledged Revenues hereunder and may issue subordinate tax and revenue anticipation notes.

23 In order to effect the pledge referenced in the preceding paragraph, the County
24 hereby agrees to the establishment and maintenance of a “2015 Note Payment Account” (herein
25 called the “Payment Account”) by the Paying Agent as the responsible agent to maintain such an
26 account until the payment of the principal of the Note and the interest thereon, and the County
27 further agrees to cause to be deposited in the Payment Account from amounts received in the
28 months specified in the Purchase Agreement as Repayment Months (each individual month a
“Repayment Month” and collectively “Repayment Months”) (and any amounts received
thereafter provided for or attributable to the Repayment Fiscal Year) until the amount on deposit
in the Payment Account, is equal in the respective Repayment Months identified in the Purchase
Agreement to the percentage of the principal and interest due on the Note specified in the

1 Purchase Agreement. Any such deposit may take into consideration anticipated investment
2 earnings on amounts deposited in an Investment Agreement that is a Permitted Investment
through the Maturity Date.

3 Any County Officer is hereby authorized to approve the determination of the
4 Repayment Months and percentages of the principal and interest due on the Note required to be
5 on deposit in the Payment Account in each Repayment Month, all as specified in the Purchase
6 Agreement, by executing and delivering the Purchase Agreement, such execution and delivery to
7 be conclusive evidence of approval by this Board and such County Officer. In the event on the
8 day in each such Repayment Month that a deposit to the Payment Account is required to be made,
9 the County has not received sufficient Unrestricted Revenues to permit the deposit into the
10 Payment Account of the full amount of Pledged Revenues to be deposited in the Payment
11 Account from said Unrestricted Revenues in said month, then the amount of any deficiency shall
12 be satisfied and made up from any other moneys of the County lawfully available for the payment
13 of the principal of the Note and the interest thereon, as and when such other moneys are received
14 or are otherwise legally available.

15 Any moneys placed in the Payment Account shall be for the benefit of the holders
16 of the Note. The moneys in the Payment Account shall be applied only for the purposes for
17 which the Payment Account is created until the principal of the Note and all interest thereon are
18 paid or until provision has been made for such payment.

19 In the event that moneys in the Payment Account are insufficient to pay the
20 principal of and interest on the Note in full when due, such moneys shall be applied in the
21 following priority: first, to pay interest on the Note; and second, to pay principal of the Note.
22 Any moneys remaining in or accruing to the Payment Account after the principal of the Note and
23 the interest thereon have been paid, or provision for such payment has been made, shall be
24 transferred to the general fund of the County.

25 Moneys in the Payment Account shall be invested in Permitted Investments and
26 any such investment shall be for the account and risk of the County. The County shall not be
27 deemed to be relieved of any of its obligations with respect to the Note by reason of such
28 investment of the moneys in its Payment Account.

Anything herein to the contrary notwithstanding, the County may at any time
during the Repayment Fiscal Year issue a Parity Note secured by a first lien and charge on
Pledged Revenues on a parity with the Note; provided that (i) the issuance of any such Parity
Note shall not, in and of itself, reduce or impair the rating on the Note, (ii) the maturity date of
any such Parity Note shall be later than the outstanding Note and (iii) the Note and Parity Note
shall have the same paying agent. In the event that the County issues a Parity Note, the County
shall make appropriate deposits into the Payment Account with respect to such Parity Note, and
in such event, the Payment Account shall also be held for the benefit of the holders of the Parity
Note.

Section 8. Execution of Note. Any one of the County Officers or any other
officer designated by the Board shall be authorized to execute the Note by manual or facsimile
signature, and the Clerk of the Board of the County or any duly appointed deputy or assistant
thereto shall be authorized to countersign the Note by manual or facsimile signature. Said

1 officers of the County are hereby authorized to cause the blank spaces of the Note to be filled in
2 as may be appropriate pursuant to the Purchase Agreement. In case any officer whose signature
3 shall appear on any Note shall cease to be such officer before the delivery of such Note, such
4 signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had
5 remained in office until delivery. The Note need not bear the seal of the County, if any.

6 **Section 9. Use of Depository; Registration, Exchange and Transfer.**

7 (A) The Depository Trust Company, New York, New York (“DTC”), is hereby
8 appointed depository for the Note. DTC shall perform such function pursuant to the Blanket
9 Issuer Letter of Representations on file with DTC (the “Letter of Representation”). The Note
10 shall be initially issued and registered in the name of “Cede & Co.,” as nominee of DTC and shall
11 be evidenced by a single Note for each series. Registered ownership of each Note, or any portion
12 thereof, may not thereafter be transferred except as set forth in Section 9(B).

13 (B) The Note shall be initially issued and registered as provided in Section 9(A)
14 hereof. Registered ownership of the Note, or any portions thereof, may not thereafter be
15 transferred except:

16 (i) to any successor of Cede & Co., as nominee of DTC, or its
17 nominee, or of any substitute depository designated pursuant to clause (ii) of this
18 subsection (B) (“Substitute Depository”); provided, that, any successor of Cede &
19 Co., as nominee of DTC or Substitute Depository, shall be qualified under any
20 applicable laws to provide the service proposed to be provided by it;

21 (ii) to any Substitute Depository not objected to by the County
22 Officer, upon (1) the resignation of DTC or its successor (or any Substitute
23 Depository or its successor) from its functions as depository, or (2) a determination
24 by the County Officer to substitute another depository for DTC (or its successor)
25 because DTC (or its successor) is no longer able to carry out its functions as
26 depository; provided, that, any such Substitute Depository shall be qualified under
27 any applicable laws to provide the services proposed to be provided by it; or

28 (iii) to any person as provided below, upon (1) the resignation of
DTC or its successor (or any Substitute Depository or its successor) from its
functions as depository, or (2) a determination by the County Officer to
discontinue using DTC or a depository.

(C) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection
(B) of this Section 9, upon receipt of the outstanding Note of each series by the Paying Agent
(together with a written request of the County Officer to the Paying Agent designating the
Substitute Depository), a single new Note of each series, which the County shall prepare or cause
to be prepared, shall be executed and delivered, authenticated by the Paying Agent, and registered
in the name of any such successor to Cede & Co. or such Substitute Depository, or their
respective nominees, as the case may be, all as specified in the written request of the County
Officer. In the case of any transfer pursuant to clause (iii) of Subsection (B) of this Section 9
upon receipt of the outstanding Note of a series by the Paying Agent (together with a written
request of the County Officer to such Paying Agent), a new Note, which the County shall prepare
or cause to be prepared, shall be executed by the County and authenticated by the Paying Agent

1 and delivered in such denominations and registered in the names of such persons as specified by
2 the County Officer in such written request, subject to the limitations of this Section 9, provided,
that, the Paying Agent shall deliver such new Note as soon as practicable.

3 (D) The County and the Paying Agent shall be entitled to treat the person in
4 whose name any Note is registered as the owner thereof for all purposes of this Resolution and for
5 purposes of payment of principal of and interest on such Note, notwithstanding any notice to the
6 contrary received by the Paying Agent or the County; and the County and the Paying Agent shall
7 not have responsibility for transmitting payments to, communicating with, notifying, or otherwise
8 dealing with any beneficial owners of the Note while DTC or its successor is the registered
owner. Neither the County nor the Paying Agent shall have any responsibility or obligation, legal
9 or otherwise, to any such beneficial owners or to any other party, including DTC or its successor
(or Substitute Depository or its successor), except to the registered owner of any Note, and the
Paying Agent may rely conclusively on its records as to the identity of the owners of the Note.

10 (E) Notwithstanding any other provision of this Resolution and so long as the
11 outstanding Note is registered in the name of Cede & Co. or its registered assigns, the County and
12 the Paying Agent shall cooperate with Cede & Co. or its registered assigns, as sole registered
13 owner, in effecting payment of the principal of and interest on the Note by arranging for payment
14 in such manner that funds for such payments are properly identified and are made available on the
date they are due all in accordance with the Letter of Representations, the provisions of which the
Paying Agent may rely upon to implement the foregoing procedures notwithstanding any
inconsistent provisions herein.

15 (F) In the case of any transfer pursuant to clause (iii) of subsection (B) of this
16 Section, any Note may, in accordance with its terms, be transferred or exchanged for a like
17 aggregate principal amount in authorized denominations, upon the books required to be kept by
18 the Paying Agent pursuant to the provisions hereof, by the person in whose name it is registered,
in person or by his duly authorized attorney, upon surrender of such Note for cancellation, and, in
the case of a transfer, accompanied by delivery of a written instrument of transfer, duly executed
and in form approved by the Paying Agent.

19 Whenever any Note shall be surrendered for transfer or exchange, the County shall
20 execute and the Paying Agent shall authenticate and deliver a new Note of authorized
21 denominations of the same series, for a like aggregate principal amount of the same interest rate.
22 The Paying Agent shall require the owner requesting such transfer or exchange to pay any tax or
other governmental charge required to be paid with respect to such transfer or exchange.

23 (G) The Paying Agent will keep or cause to be kept sufficient books for the
24 registration and transfer of the Note of each series, which shall at all times be open to inspection
25 by the County. Upon presentation for such purpose, the Paying Agent shall, under such
reasonable regulations as it may prescribe, register or transfer or cause to be registered or
transferred, on such books, the Note as hereinbefore provided.

26 (H) If any Note shall become mutilated, the County, at the expense of the owner
27 of such Note, shall execute, and the Paying Agent shall thereupon authenticate and deliver a new
28 Note of like series, tenor, interest rate and number in exchange and substitution for the Note so
mutilated, but only upon surrender to the Paying Agent of the Note so mutilated. Every mutilated

1 Note so surrendered to the Paying Agent shall be cancelled by it and delivered to, or upon the
2 order of, the County. If any Note shall be lost, destroyed or stolen, evidence of such loss,
3 destruction or theft may be submitted to the County and the Paying Agent and, if such evidence
4 be satisfactory to both and indemnity satisfactory to them shall be given, the County, at the
5 expense of the owner, shall execute, and the Paying Agent shall thereupon authenticate, if
6 required, and deliver a new Note of like series, interest rate, tenor and number in lieu of and in
7 substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or
8 shall be about to mature, instead of issuing a substitute Note, the Paying Agent may pay the same
9 without surrender thereof). The Paying Agent may require payment by the registered owner of a
10 Note of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this
11 paragraph and of the expenses which may be incurred by the County and the Paying Agent. Any
12 Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall
13 constitute an original additional contractual obligation on the part of the County whether or not
14 the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall
15 be entitled to the benefits of this Resolution with the Note of any other series secured by this.

16 The Note of any series surrendered for payment or registration of transfer, if
17 surrendered to any person other than the Paying Agent, shall be delivered to the Paying Agent and
18 shall be promptly cancelled by it. The County may at any time deliver to the Paying Agent for
19 cancellation any Note previously authenticated and delivered hereunder which the County may
20 have acquired in any manner whatsoever, and any Note so delivered shall promptly be cancelled
21 by the Paying Agent. No Note shall be authenticated in lieu of or in exchange for any Note
22 cancelled as provided herein, except as expressly permitted hereunder. The cancelled Note of any
23 series held by the Paying Agent shall be disposed of as directed by the County.

24 **Section 10. Representations and Covenants of the County.** The County makes
25 the following representations and covenants for the benefit of the holder of the Note:

26 (A) The County is duly organized and existing under and by virtue of the laws
27 of the State of California and has all necessary power and authority (i) to adopt this Resolution
28 and perform its obligations thereunder, (ii) to enter into and perform its obligations under the
Purchase Agreement, and (iii) to issue the Note and perform its obligations thereunder.

(B) Upon the issuance of the Note, the County shall have taken all action
required to be taken by it to authorize the issuance and delivery of the Note and the performance
of its obligations thereunder, and the County has full legal right, power and authority to issue and
deliver the Note.

(C) The issuance of the Note, the adoption of the Resolution and the execution
and delivery of the Purchase Agreement, and compliance with the provisions hereof and thereof
will not conflict with or violate any law, administrative regulation, court decree, resolution,
charter, by-laws or other agreement to which the County is subject or by which it is bound.

(D) Except as may be required under blue sky or other securities laws of any
state or Section 3(a)(2) of the Securities Act of 1933, there is no consent, approval, authorization
or other order of, or filing with, or certification by, any regulatory authority having jurisdiction
over the County required for the issuance and sale of the Note or the consummation by the

1 County of the other transactions contemplated by this Resolution, except those the County shall
2 obtain or perform prior to or upon the issuance of the Note.

3 (E) Prior to the issuance of the Note, the County has duly, regularly and
4 properly adopted a preliminary budget for the Repayment Fiscal Year setting forth expected
5 revenues and expenditures and has complied with all statutory and regulatory requirements with
6 respect to the adoption of such budget. The County hereby covenants that it shall (i) duly,
7 regularly and properly prepare and adopt its final budget for the Repayment Fiscal Year,
(ii) provide to the Financial Advisor and the Underwriter, promptly upon adoption, copies of such
final budget and of any subsequent revisions, modifications or amendments thereto and
(iii) comply with all applicable laws pertaining to its budget.

8 (F) The County (i) has not defaulted within the past twenty (20) years, and is
9 not currently in default, on any debt obligation and (ii), to the best knowledge of the County, has
never defaulted on any debt obligation.

10 (G) The County's most recent audited financial statements present fairly the
11 financial condition of the County as of the date thereof and the results of operation for the period
12 covered thereby. Except as has been disclosed to the Financial Advisor and the Underwriter and
13 in the Preliminary Official Statement and to be set forth in the final Official Statement, there has
14 been no change in the financial condition of the County since the date of such audited financial
15 statements that will in the reasonable opinion of the County materially impair its ability to
16 perform its obligations under this Resolution and the Note. The County agrees to furnish to the
17 Financial Advisor and the Underwriter promptly, from time to time, such information regarding
18 the operations, financial condition and property of the County as such party may reasonably
19 request.

20 (H) There is no action, suit, proceeding, inquiry or investigation, at law or in
21 equity, before or by any court, arbitrator, governmental or other board, body or official, pending
22 or, to the best knowledge of the County, threatened against or affecting the County questioning
the validity of any proceeding taken or to be taken by the County in connection with the Note, the
Purchase Agreement or this Resolution, or seeking to prohibit, restrain or enjoin the execution,
delivery or performance by the County of any of the foregoing, or wherein an unfavorable
decision, ruling or finding would have a materially adverse effect on the County's financial
condition or results of operations or on the ability of the County to conduct its activities as
presently conducted or as proposed or contemplated to be conducted, or would materially
adversely affect the validity or enforceability of, or the authority or ability of the County to
perform its obligations under, the Note, the Purchase Agreement or this Resolution.

23 (I) Upon issuance of the Note and execution of the Purchase Agreement, this
24 Resolution, the Purchase Agreement and the Note will constitute legal, valid and binding
25 agreements of the County, enforceable in accordance with their respective terms, except as such
26 enforceability may be limited by bankruptcy or other laws affecting creditors' rights generally,
27 the application of equitable principles if equitable remedies are sought, the exercise of judicial
28 discretion in appropriate cases and the limitations on legal remedies against local agencies, as
applicable, in the State of California.

1 (J) The County and its appropriate officials have duly taken, or will take, all
2 proceedings necessary to be taken by them, if any, for the levy, receipt, collection and
3 enforcement of the Pledged Revenues in accordance with law for carrying out the provisions of
this Resolution and the Note.

4 (K) Except for Parity Notes, if any, permitted to be executed and delivered
5 pursuant to Section 7 hereof, the County shall not incur any indebtedness secured by a pledge of
6 its Pledged Revenues unless such pledge is subordinate in all respects to the pledge of Pledged
Revenues hereunder.

7 (L) The information contained in the Official Statement (excluding the
8 statements and information under the heading "UNDERWRITING" and under "THE NOTES—
9 Book-Entry Only System"), as of the time of delivery thereof to the Underwriter and at all times
10 subsequent thereto up to and including the closing, will be true, complete, correct and final in all
material respects and will not contain any untrue statement of a material fact or omit to state a
material fact necessary to make the statements therein, in the light of the circumstances under
which they were made, not misleading.

11 (M) The County hereby covenants and agrees that it will comply with and carry
12 out all of the provisions of the Continuing Disclosure Certificate consistent with the requirements
of the Rule.

13 **Section 11. Tax Covenants.** The County will not take any action or fail to take
14 any action if such action or failure to take such action would adversely affect the exclusion from
15 gross income of the interest payable on the Note under Section 103 of the Internal Revenue Code
16 of 1986, as amended (the "Code"). Without limiting the generality of the foregoing, the County
17 will not make any use of the proceeds of the Note or any other funds of the County which would
18 cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code, a
19 "private activity bond" within the meaning of Section 141(a) of the Code, or an obligation the
20 interest on which is subject to federal income taxation because it is "federally guaranteed" as
provided in Section 149(b) of the Code. The County, with respect to the proceeds of the Note,
will comply with all requirements of such sections of the Code and all regulations of the United
States Department of the Treasury issued or applicable thereunder to the extent that such
requirements are, at the time, applicable and in effect.

21 The County hereby covenants that the County will take all legally permissible
22 steps necessary to ensure that all of the gross proceeds of the Note will be expended no later than
23 the day that is six months after the date of issuance of the Note so as to satisfy the requirements of
Section 148(f)(4)(B) of the Code.

24 Notwithstanding any other provision of this Resolution to the contrary, upon the
25 County's failure to observe, or refusal to comply with, the covenants contained in this Section 11,
26 no one other than the holders or former holders of the Note, and their legal representatives, shall
be entitled to exercise any right or remedy under this Resolution on the basis of the County's
failure to observe, or refusal to comply with, such covenants.

27 The covenants contained in this Section 11 shall survive the payment of the Note.
28

1 **Section 12. Events of Default and Remedies.**

2 If any of the following events occur, it is hereby defined as and declared to be and
3 to constitute an “Event of Default”:

4 (a) Failure by the County to make or cause to be made the transfers and
5 deposits to the Payment Account, or any other payment required to be paid
6 hereunder, including payment of principal and interest on the Note, on or before
7 the date on which such transfer, deposit or other payment is due and payable;

8 (b) Failure by the County to observe and perform any covenant,
9 condition or agreement (other than failure to make a payment or transfer as
10 provided in subsection (a) of this Section) on its part to be observed or performed
11 under this Resolution, for a period of fifteen (15) days after written notice,
12 specifying such failure and requesting that it be remedied, is given to the County
13 by the holders of not less than 10% in aggregate principal amount of the Note,
14 unless such holders shall agree in writing to an extension of such time prior to its
15 expiration;

16 (c) Any warranty, representation or other statement by or on behalf of
17 the County contained in this Resolution or the Purchase Agreement or in any
18 requisition or any financial report delivered by the County or in any instrument
19 furnished in compliance with or in reference to this Resolution or the Purchase
20 Agreement or in connection with the Note, is false or misleading in any material
21 respect;

22 (d) A petition is filed against the County under any bankruptcy,
23 reorganization, arrangement, insolvency, readjustment of debt, dissolution or
24 liquidation law of any jurisdiction, whether now or hereafter in effect and is not
25 dismissed within 30 days after such filing, but the holders of the Note shall have
26 the right to intervene in the proceedings prior to the expiration of such 30 days to
27 protect their interests;

28 (e) The County files a petition in voluntary bankruptcy or seeking
relief under any provision of any bankruptcy, reorganization, arrangement,
insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction,
whether now or hereafter in effect, or consents to the filing of any petition against
it under such law; or

(f) The County admits insolvency or bankruptcy or is generally not
paying its debts as such debts become due, or becomes insolvent or bankrupt or
makes an assignment for the benefit of creditors, or a custodian (including without
limitation a receiver, liquidator or trustee) of the County or any of its property is
appointed by court order or takes possession thereof and such order remains in
effect or such possession continues for more than 30 days, but the holders of the
Note shall have the right to intervene in the proceedings prior to the expiration of
such 30 days to protect their interests;

1 Whenever any Event of Default referred to in this Section 12 shall have happened
2 and be continuing, the holders of the Note and any adversely affected former holders of the Note,
3 and their legal representatives, shall, in addition to any other remedies provided herein, have the
4 right, at their option without any further demand or notice, to take one or any combination of the
5 following remedial steps:

6 (a) Without declaring the Note to be immediately due and payable,
7 require the County to pay to the Paying Agent on behalf of the holders of the Note,
8 an amount equal to the principal of the Note and interest thereon to maturity, plus
9 all other amounts due hereunder, and upon notice to the County the same shall
10 become immediately due and payable by the County without further notice or
11 demand; and

12 (b) Take whatever other action at law or in equity (except for
13 acceleration of payment on the Note) which may appear necessary or desirable to
14 collect the amounts then due and thereafter to become due hereunder or to enforce
15 any other of its rights hereunder.

16 **Section 13. Application of Amounts After Default.** Notwithstanding anything
17 to the contrary contained herein, after a default by the County, all funds and accounts held by the
18 Paying Agent and all payments received by the Paying Agent with respect to the Note after an
19 Event of Default by the County pursuant to Section 12 hereof, and all damages or other payments
20 received by the Paying Agent for the enforcement of any rights and powers of the Paying Agent
21 under Section 12, shall be deposited into the Payment Account and as soon as practicable
22 thereafter applied to the payment of all amounts then due as interest on the Note and any Parity
23 Note, and thereafter to the payment of all amounts due as principal on the Note and any Parity
24 Note, ratably without preference or priority of any kind, according to the amounts due and
25 payable with respect to such Note and Parity Note.

26 **Section 14. Paying Agent.** The Bank of New York Mellon Trust Company, N.A.
27 is hereby appointed as paying agent and registrar for the Note. The County hereby directs and
28 authorizes the payment by the Paying Agent of the interest on and principal of the Note when
such become due and payable, from the Payment Account held by the Paying Agent in the name
of the County in the manner set forth herein. The County hereby covenants to deposit funds in
such account at the time and in the amount specified herein to provide sufficient moneys to pay
the principal of and interest on the Note on the day on which it matures. Payment of the Note
shall be in accordance with the terms of the Note and this Resolution.

Section 15. Approval of Actions. All actions heretofore taken by the officers
and agents of the County or this Board with respect to the sale and issuance of the Note are
hereby approved, confirmed and ratified, and the County Officers and agents of the County are
hereby authorized and directed, for and in the name and on behalf of the County, to do any and all
things and take any and all actions and execute any and all certificates, agreements and other
documents which they, or any of them, may deem necessary or advisable in order to consummate
the lawful issuance and delivery of the Note in accordance with, and related transactions
contemplated by, this Resolution.

1 **Section 16. Proceedings Constitute Contract.** The provisions of the Note and
2 of this Resolution shall constitute a contract between the County and the registered holders of the
3 Note and such provisions shall be enforceable by mandamus or any other appropriate suit, action
4 or proceeding at law or in equity in any court of competent jurisdiction, and shall be irrevocable.

5 **Section 17. Limited Liability.** Notwithstanding anything to the contrary
6 contained herein or in the Note or in any other document mentioned herein or related to the Note,
7 the County shall not have any liability hereunder or by reason hereof or in connection with the
8 transactions contemplated hereby except to the extent payable from moneys available therefor as
9 set forth in Section 7 hereof.

10 **Section 18. Amendments.** At any time or from time to time, the County may
11 adopt one or more Supplemental Resolutions without the necessity for consent of the owner of the
12 Note for any one or more of the following purposes:

13 (a) to add to the covenants and agreements of the County in this
14 Resolution, other covenants and agreements to be observed by the County which
15 are not contrary to or inconsistent with this Resolution as theretofore in effect;

16 (b) to add to the limitations and restrictions in this Resolution, other
17 limitations and restrictions to be observed by the County which are not contrary to
18 or inconsistent with this Resolution as theretofore in effect;

19 (c) to confirm, as further assurance, any pledge under, and the
20 subjection to any lien or pledge created or to be created by, this Resolution, of any
21 monies, securities or funds, or to establish any additional funds or accounts to be
22 held under this Resolution;

23 (d) to cure any ambiguity, supply any omission, or cure or correct any
24 defect or inconsistent provision in this Resolution; or

25 (e) to amend or supplement this Resolution in any other respect;

26 provided, however, that any such Supplemental Resolution does not adversely affect the interests
27 of the holders of the Note.

28 Any modifications or amendment of this Resolution and of the rights and
obligations of the County and of the holders of the Note may be made by a Supplemental
Resolution, with the written consent of the holders of at least a majority in principal amount of
the Note outstanding at the time such consent is given; *provided, however,* that if such
modification or amendment will, by its terms, not take effect so long as the Note remains
outstanding, the consent of the holders of such Note shall not be required. No such modification
or amendment shall permit a change in the maturity of the Note or a reduction of the principal
amount thereof or an extension of the time of any payment thereon or a reduction of the rate of
interest thereon, or a change in the date or amounts of the pledge set forth in this Resolution,
without the consent of the holders of such Note, or shall reduce the percentage of the Note, the
consent of the holders of which is required to effect any such modification or amendment, or shall
change or modify any of the rights or obligations of the Paying Agent without its written assent
thereto.

1 **Section 19. Severability.** In the event any provision of this Resolution shall be
2 held invalid or unenforceable by any court of competent jurisdiction, such holding shall not
3 invalidate or render unenforceable any other provision hereof.

4 **Section 20. Appointment of Bond Counsel and Disclosure Counsel.** The
5 County approves and consents to the appointment of the law firm of Orrick, Herrington &
6 Sutcliffe LLP, Los Angeles, California as Bond Counsel for the Note. The County acknowledges
7 that Bond Counsel regularly performs legal services for many private and public entities in
8 connection with a wide variety of matters, and that Bond Counsel has represented, is representing
9 or may in the future represent other public entities, underwriters, trustees, rating agencies,
10 insurers, credit enhancement providers, lenders, financial and other consultants who may have a
11 role or interest in the proposed financing or that may be involved with or adverse to County in
12 this or some other matter. Given the special, limited role of Bond Counsel described above, the
13 County acknowledges that no conflict of interest exists or would exist, waives any conflict of
14 interest that might appear to exist, and consents to any and all such relationships.

15 The County approves and consents to the appointment of the law firm of Kutak
16 Rock LLP, Los Angeles, California as Disclosure Counsel for the Note.

17 **Section 21. Appointment of Financial Advisor and Underwriter.** The County
18 approves the appointment of Fieldman, Rolapp & Associates as financial advisor for the County
19 for the Note (the “Financial Advisor”) pursuant to its existing contract to provide financial
20 advisory services for the County.

21 The County approves and consents to the appointment of JP Morgan Securities
22 LLC, as senior manager, together with Stifel, Nicolaus & Company, Incorporated, as co-manager,
23 (collectively, the “Underwriter”) for the Note.

24 **Section 22. Effective Date.** This Resolution shall take effect from and after its
25 date of adoption.

26
27 [Attach form of Certification of the Clerk with respect to the Resolution.]
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EXHIBIT A

FORM OF NOTE

COUNTY OF RIVERSIDE

2015 TAX AND REVENUE ANTICIPATION NOTE, SERIES ___^{*/}

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
	%		July __, 2015
	<u>First Repayment Month</u>	<u>Second Repayment Month</u>	<u>Third Repayment Month</u>
	___% (Total of principal and interest due on Note at maturity)	___% (Total of principal and interest due on Note at maturity)	___% (Total of principal and interest due on Note at maturity) ^{**/}

REGISTERED OWNER:

PRINCIPAL AMOUNT:

FOR VALUE RECEIVED, the County of Riverside (the "County") acknowledges itself indebted, and promises to pay, to the registered owner identified above, or registered assigns, on the maturity date set forth above, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon on the Maturity Date, at the Interest Rate specified above (the "Note Rate"). Principal of and interest on this Note are payable in such coin or currency of the United States as at the time of payment is legal tender for payment of private and public debts, such principal to be paid upon surrender hereof at the office of The Bank of New York Mellon Trust company, N.A., or its successor (the "Paying Agent"). Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months, in like lawful money from the date hereof until the maturity date specified above and, if funds are not provided for payment at maturity, thereafter on the basis of a 360-day year for actual days elapsed until payment in full of said principal sum. Both the principal of and interest on this Note shall be payable only to the registered owner hereof upon surrender of this Note as the same shall fall due; *provided, however*, no interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment.

It is hereby certified, recited and declared that this Note (the "Note") represents the authorized issue of the Note in the aggregate principal amount made, executed and given pursuant to and by authority of certain resolutions of the Board of Supervisors of the County duly passed and adopted heretofore, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (collectively, the

^{*/} If more than one Series is issued in the Repayment Fiscal Year.

^{**/} Number of Repayment Dates and percentages to be determined in Purchase Agreement (as defined in the Resolution).

1 “Resolution”), to all of the provisions and limitations of which the owner of this Note, by
2 acceptance hereof, assents and agrees.

3 The principal of the Note, together with the interest thereon, shall be payable from
4 taxes, income, revenue, cash receipts and other moneys which are received or accrued by the
5 County for the general fund of the County and are provided for or attributable to the Repayment
6 Fiscal Year, as defined in the Resolution, and which are available for payment thereof. As
7 security for the payment of the principal of and interest on the Note, the County has pledged from
8 Unrestricted Revenues of the County received in the Repayment Months (as defined in the
9 Resolution) identified in the Purchase Agreement (as defined in the Resolution) (and any amounts
10 received thereafter provided for or attributable to the Repayment Fiscal Year) until the amount on
11 deposit in the Payment Account (as defined in the Resolution) in each such month, is equal to the
12 corresponding percentages of principal of and interest due on the Note as set forth in the Purchase
13 Agreement (such pledged amounts being hereinafter called the “Pledged Revenues”), and the
14 principal of the Note and the interest thereon shall constitute a first lien and charge thereon and
15 shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any
16 other moneys of the County lawfully available therefor as set forth in the Resolution. The full
17 faith and credit of the County is not pledged to the payment of the principal or interest on this
18 Note.

19 The County and the Paying Agent may deem and treat the registered owner hereof
20 as the absolute owner hereof for the purpose of receiving payment of or on account of principal
21 hereof and interest due hereon and for all other purposes, and the County and the Paying Agent
22 shall not be affected by any notice to the contrary.

23 It is hereby certified that all of the conditions, things and acts required to exist, to
24 have happened and to have been performed precedent to and in the issuance of this Note do exist,
25 have happened and have been performed in due time, form and manner as required by the
26 Constitution and statutes of the State of California and that the amount of this Note, together with
27 all other indebtedness of the County, does not exceed any limit prescribed by the Constitution or
28 statutes of the State of California.

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IN WITNESS WHEREOF, the Board of the County has caused this Note to be executed by the manual or facsimile signature of a duly authorized County Officer of the County and countersigned by the manual or facsimile signature of the Secretary or Clerk of the Board as of the date of original issue set forth above.

COUNTY OF RIVERSIDE

By: _____
Title:

Countersigned

By: _____
Title: Clerk

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FOR ADDITIONAL BOOKS: ELABRA.COM OR (888) 935-2272